

## **BILL ANALYSIS**

C.S.H.B. 3451  
By: Eiland  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Department of Insurance is charged with incorporating and licensing Texas domestic insurance companies and admitting insurers from other jurisdictions to sell policies in Texas. Industry experts note that admitting insurers in Texas, whether domesticated in Texas or other jurisdictions, increases competition and provides more selection to Texas consumers. Interested parties contend that Texas insurance incorporation and licensing statutes are somewhat archaic. For example, there are different standards for entities to be incorporated as a property company or as a casualty company. Also, the statute describes risks, which entities are authorized to write, whereas the insurance industry practice, including financial reporting, is driven by lines of business.

C.S.H.B. 3451 seeks to update the requirements for insurance company incorporation and licensing to make such requirements more consistent and easier to locate by including all requirements for stock and mutual insurers in one chapter. C.S.H.B. 3451 also seeks to provide for the adoption of certain processes, filings, and standards that have been developed through the National Association of Insurance Commissioners which should make it easier for insurance companies to do business in Texas.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTIONS 1.08, 1.20, 1.27, and 1.29 of this bill.

### **ANALYSIS**

C.S.H.B. 3451 amends the Insurance Code to reorganize and consolidate statutory provisions relating to the incorporation of insurance companies, capital and surplus requirements for such companies, and the issuance of charters and certificates of authority. The bill revises certain statutory provisions regarding such matters and transfers those provisions from chapters of the Insurance Code that apply to specific types of insurance companies to a chapter of the Insurance Code that applies to any issuer of an insurance policy that is issued to another in consideration of a premium and that insures against a loss that may be insured against under the law. The bill revises the list of entities that are included as an "insurer" for purposes of such provisions.

C.S.H.B. 3451 includes provisions authorizing any number of persons or incorporators to form a company for the purpose of engaging in the business of insurance and requiring each incorporator to adopt and sign the articles of incorporation of the company. The bill requires the incorporators to appoint the initial board of directors; requires the board to always have at least three members; requires the initial board members to appoint the officers or managers of the proposed insurer; and requires the initial board members and the shareholders or members, on approval of the proposed insurer's incorporation and certificate of authority, to meet to formally appoint the board of directors and officers of the incorporated insurer. The bill requires the insurance company's board of directors, trustees, or managers to adopt and amend bylaws that meet specified criteria.

C.S.H.B. 3451 authorizes an insurer to sue or be sued, as well as make or enforce contracts in relation to the insurer's business. The bill authorizes an insurer, in the insurer's own name or through a trustee chosen by the board of directors, to acquire, purchase, hold, and dispose of real property and personal property to further the purposes of the insurer.

C.S.H.B. 3451 includes provisions specifying the information that must be stated in the articles of incorporation of a proposed insurance company. The bill requires that the articles of incorporation be submitted as part of an application to incorporate and obtain a certificate of authority to engage in the business of insurance in Texas and requires that the submission be in a format prescribed by the commissioner of insurance.

C.S.H.B. 3451 includes provisions relating to the capital stock and surplus requirements for a stock property and casualty insurance company, a stock life insurance company, a mutual property and casualty insurance company, and a mutual life insurance company. The bill specifies the acceptable forms of the required surplus and capital. The bill includes provisions authorizing the commissioner by rule or guideline to require a domestic insurance company to maintain capital and surplus in amounts that exceed the minimum amounts required for certain specified reasons and also includes restrictions on the adoption of such a rule. The bill specifies that an insurance company that ceases to write or assume business continues to be subject to the commissioner's authority to require larger capital and surplus amounts.

C.S.H.B. 3451 includes provisions relating to prohibitions on the impairment of an insurance company's required capital and surplus and specifying the actions that the commissioner is authorized to take if an insurance company does not comply with the capital and surplus requirements. The bill makes an insurance company organized under provisions relating to the incorporation of such companies subject to certain examinations, unless otherwise expressly provided by the Insurance Code. The bill includes provisions relating to restrictions on the name of an insurance company.

C.S.H.B. 3451 includes provisions relating to the application and fee requirements for obtaining a charter and certificate of authority, as well as provisions relating to the actions that the commissioner is required to take with respect to such an application or an application for an amendment to a charter or certificate of authority.

C.S.H.B. 3451 expands the circumstances under which the Texas Department of Insurance (TDI) is prohibited from issuing a certificate of authority to an applicant on the basis of certain felony convictions involving moral turpitude or breach of fiduciary duty to include a circumstance in which a person having control of the applicant has been convicted of such a felony. The bill makes the same change to statutory provisions authorizing TDI to revoke a certificate of authority on the basis of such felony convictions.

C.S.H.B. 3451 requires a domestic, foreign, or alien insurance company applying to become authorized to engage in the business of insurance in Texas to use the most current version of any processes and related forms adopted by the National Association of Insurance Commissioners (NAIC) for charter and license application. The bill requires a domestic, foreign, or alien insurance company authorized to engage in the business of insurance in Texas that requests an amendment to a charter or certificate of authority to use the most current version of applicable processes and forms adopted by NAIC. The bill requires an insurer authorized to engage in the business of insurance in Texas to provide written notice to TDI, in the manner prescribed by the commissioner by rule, of a change in contact information or a change in officers or directors not later than the 30th day after the date of the change. The bill establishes that such requirements do not relieve an insurer of any obligation imposed under statutory provisions relating to insurance company holding systems. The bill authorizes the commissioner to exempt any class of insurance companies from such requirements if the commissioner determines that the required information is not useful for regulatory purposes with respect to that class of companies.

C.S.H.B. 3451 includes provisions relating to the manner in which a domestic insurance company is authorized to amend its charter. The bill requires a certificate of authority issued to an insurer to state the specific lines of business or kinds of insurance authorized under the certificate. The bill specifies that for such purposes, "line of insurance" or "kind of insurance" includes specified lines of business for an insurer required to file a life and accident and health annual statement, specified kinds of insurance for an insurer required to file a property and casualty annual statement, specified lines of business for a health maintenance organization or insurer required to file a health annual statement, and any line of business or kind of insurance promulgated on the annual statement pages for which financial data is required to be reported by the insurer or health maintenance organization.

C.S.H.B. 3451 authorizes TDI to deny an application for an authorization if the director or person having control of the applicant fails to provide a complete set of fingerprints on request, in addition to having such authority if the applicant or a corporate officer of the applicant fails to do so.

C.S.H.B. 3451 revises the applicability of provisions relating to statements required to be filed by insurance companies with NAIC and TDI. The bill requires each insurer or other regulated entity that is subject to such provisions to properly report each calendar year to TDI and NAIC by completing, in accordance with applicable instructions, due dates, and rules, the appropriate paper copy annual and quarterly statement blanks, other reporting forms, and electronic filings specified in applicable bill provisions and rules. The bill requires each insurer and other regulated entity authorized to engage in the business of insurance in Texas to file its annual statement using the annual and quarterly statement blanks, the annual and quarterly supplemental reporting forms, and the related instruction manuals as adopted and published by NAIC each year, as well as any reporting forms unique to Texas required by commissioner rule. The bill requires TDI to notify an insurer or other entity that fails to deliver an annual or quarterly statement in a timely manner that the company is prohibited from issuing new insurance until the statement is delivered to TDI. The bill makes provisions relating to the filing of annual statements applicable to quarterly statements as well.

C.S.H.B. 3451 requires each domestic, foreign, or alien insurance company authorized to engage in the business of insurance in Texas to use the applicable Accounting Practices and Procedures Manual, Supplements, Amendments, and related guidance as adopted and published by NAIC each year, subject to any exceptions and modifications prescribed by commissioner rule, and sets out provisions relating to the adoption of the manual and related guidance by TDI. The bill requires each such company to use and comply with the Risk-Based Capital Report Including Overview and Instructions for Companies, as appropriate based on the particular line of business, and the risk-based capital formulas contained in the report, as adopted and published by NAIC annually, subject to any modifications prescribed by commissioner rule. The bill requires such a company to file an electronic version of the company's yearly Risk-Based Capital Report and any supplemental forms and reports with NAIC in accordance with and by the due dates specified in the instructions. The bill authorizes an insurer providing only casualty insurance to include in the insurer's assets, if the total value of the equipment exceeds \$2,000, the value of all electronic machines that are part of a data processing system and of all other office equipment, furniture, machines, and labor-saving devices purchased for and used in connection with the business of the insurer to the extent that the total actual cash market value of those assets is less than five percent of the other admitted assets of the insurer.

C.S.H.B. 3451 specifies that the authority for certain insurance companies to purchase outstanding shares of the company's capital stock is subject to statutory provisions relating to insurance company holding systems.

C.S.H.B. 3451 reorganizes certain statutory provisions specifically governing casualty insurance companies. The bill makes such provisions applicable to a casualty company that engages in the

business of insurance and that writes marine insurance or insures against certain specified risks, rather than to a general casualty company. The bill removes the requirement that a casualty company deposit \$50,000 in cash or securities with the comptroller of public accounts.

C.S.H.B. 3451 amends the Insurance Code and Occupations Code to make conforming changes.

C.S.H.B. 3451 repeals certain provisions relating to the formation, operation, authority, and filing statements of various types of insurance entities.

C.S.H.B. 3451 repeals the following provisions of the Insurance Code:

- Section 36.106
- Section 492.053
- Section 801.051
- the heading to Subchapter D, Chapter 801
- the heading to Subchapter A, Chapter 802
- the heading to Subchapter B, Chapter 802
- Section 802.051
- Section 822.003
- the heading to Subchapter B, Chapter 822
- Section 822.055
- Section 822.056
- Section 822.058
- Section 822.061
- Subchapter C, Chapter 822
- the heading to Subchapter D, Chapter 822
- Section 822.151
- Section 822.152
- Section 822.153
- Section 822.154
- Section 822.156
- Section 822.157
- Section 822.158
- Section 822.203
- Section 822.204
- Section 822.210
- Section 822.211
- the heading to Subchapter B, Chapter 841
- Section 841.051
- Section 841.052
- Section 841.053

- Section 841.055
- Section 841.056
- Section 841.057
- Section 841.058
- Section 841.059
- Section 841.061
- Section 841.062
- Section 841.063
- the heading to Subchapter C, Chapter 841
- Section 841.101
- Section 841.102
- Section 841.103
- Subchapter D, Chapter 841
- Section 841.202
- Section 841.203
- Section 841.204
- Section 841.255
- the heading to Chapter 861
- Subchapter A, Chapter 861
- Subchapter B, Chapter 861
- Subchapter C, Chapter 861
- the heading to Subchapter D, Chapter 861
- Section 861.151
- Section 861.152
- Section 861.153
- Section 861.155
- Subchapter E, Chapter 861
- the heading to Subchapter F, Chapter 861
- Section 861.253
- Section 861.254
- Section 861.256
- Section 861.257
- the heading to Subchapter O, Chapter 861
- Section 882.002
- Section 882.003
- Subchapter B, Chapter 882
- Subchapter C, Chapter 882

- Subchapter D, Chapter 882
- Subchapter B, Chapter 883
- Subchapter C, Chapter 883
- Section 883.151
- Section 883.201
- Section 883.202
- Section 883.204
- Subchapter O, Chapter 883
- Section 982.004
- Subchapter B, Chapter 982
- Section 982.101
- Section 982.102
- Section 982.103
- Section 982.104
- Section 982.105
- Section 982.106
- Section 982.113
- Section 982.252
- Section 982.306

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3451 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
<p><b>No equivalent provision.</b></p> <p>SECTION 1. Title 6, Chapter 801, Insurance Code is amended to read as follows:</p> <p>CHAPTER 801. INCORPORATION AND CERTIFICATE OF AUTHORITY</p> <p>SUBCHAPTER A. GENERAL PROVISIONS</p> <p><u>Sec. 801.001. APPLICABILITY OF LAW</u></p>	<p>ARTICLE 1. FORMATION, OPERATION, AND AUTHORITY OF ENTITIES</p> <p>SECTION 1.01. The heading to Chapter 801, Insurance Code, is amended to read as follows:</p> <p>CHAPTER 801. <u>INCORPORATION; CERTIFICATE OF AUTHORITY</u></p> <p><i>(No equivalent provision, but no substantive change to this section in the introduced version.)</i></p> <p>SECTION 1.03. Sec. <u>801.0011</u>. Substantially</p>

GOVERNING CORPORATIONS.

801.0024: DEFINITIONS.

No equivalent provision.

Sec. 801.0023. EXEMPTION FOR CERTAIN FRATERNAL BENEFIT SOCIETIES.

*(No change to section text.)*

SUBCHAPTER B INCORPORATION OF INSURANCE COMPANIES

Sec. 801.004 FORMATION OF COMPANY.

Sec. 801.005. ARTICLES OF INCORPORATION.

Sec. 801.006. CAPITAL STOCK AND SURPLUS REQUIREMENTS.

Sec. 801.007. COMMISSIONER MAY REQUIRE LARGER CAPITAL AND SURPLUS AMOUNTS.

Sec. 801.008. IMPAIRMENT OF CAPITAL AND SURPLUS.

Sec. 801.009. ACTIONS OF COMMISSIONER WHEN CAPITAL AND SURPLUS REQUIREMENTS NOT SATISFIED.

Sec. 801.010. EXAMINATION OF COMPANY.

Sec. 801.011. COMPANY NAME.

Sec. 801.012. SAME OR DECEPTIVELY

the same as introduced version.

SECTION 1.02. Section 801.001(2). Substantially the same as introduced version, but makes technical corrections.

SECTION 1.04. Chapter 801, Insurance Code, is amended by adding Subchapter A-1, and a heading is added to that subchapter to read as follows:

SUBCHAPTER A-1. INCORPORATION OF INSURANCE COMPANIES; RELATED REGULATORY REQUIREMENTS

No equivalent provision.

No equivalent provision.

SECTION 1.05. Sec. 801.021. Substantially the same as introduced version, but makes technical corrections.

SECTION 1.06. Sec. 801.022. Substantially the same as introduced version, but makes technical corrections.

SECTION 1.07. Sec. 801.023. Substantially the same as introduced version.

SECTION 1.08. Sec. 801.024. Substantially the same as introduced version.

SECTION 1.09. Sec. 801.025. Substantially the same as introduced version, but makes a technical correction.

SECTION 1.10. Sec. 801.026. Substantially the same as introduced version.

SECTION 1.11. Sec. 801.027. Substantially the same as introduced version.

SECTION 1.12. Sec. 801.028. Substantially the same as introduced version.

SECTION 1.13. Sec. 801.029. Substantially

SIMILAR NAME.

SUBCHAPTER C ACTION BY THE COMMISSIONER ON LICENSE APPLICATION, AMENDMENTS, AND RELATED MANAGEMENT COMPETENCE, FITNESS, OR REPUTATION

Sec. 801.013. APPLICATION FOR CHARTER AND CERTIFICATE OF AUTHORITY.

Sec. 801.014. ACTION ON CHARTER AND/OR LICENSE APPLICATION OR CHARTER AND/OR LICENSE AMENDMENT APPLICATION.

Sec. 801.015. ISSUANCE OF CERTIFICATE PROHIBITED.

Sec. 801.016. REVOCATION OF CERTIFICATE.

Sec. 801.017. PETITION FOR ISSUANCE OR REINSTATEMENT OF CERTIFICATE.

Sec. 801.018: Adoption of National Association of Insurance Commissioners Licensing Standards

(a) All domestic, foreign, or alien insurance companies seeking to become authorized to engage in the business of insurance in this state shall do so by utilizing the most current versions of any processes and related forms adopted by the National Association of Insurance Commissioners for charter and license application.

(b) All domestic, foreign, or alien insurance companies authorized to engage in the business of insurance in the state of Texas, in requesting an amendment to any certificate of

the same as introduced version.

SECTION 1.14. Chapter 801, Insurance Code, is amended by adding Subchapter A-2, and a heading is added to that subchapter to read as follows:

SUBCHAPTER A-2. ISSUANCE AND AMENDMENT OF CHARTER AND CERTIFICATE OF AUTHORITY

SECTION 1.15. Sec. 801.031. Substantially the same as introduced version.

SECTION 1.16. Sec. 801.032. Substantially the same as introduced version.

SECTION 1.17. Sec. 801.033. CERTAIN FELONIES: ISSUANCE OF CERTIFICATE PROHIBITED. Substantially the same as introduced version.

SECTION 1.18. Sec. 801.034. CERTAIN FELONIES: REVOCATION OF CERTIFICATE. Substantially the same as introduced version.

SECTION 1.19. Sec. 801.035. Substantially the same as introduced version, but makes technical corrections.

SECTION 1.20. Subchapter A-2, Chapter 801, Insurance Code, as added by this Act, is amended by adding Section 801.036 to read as follows:

Sec. 801.036. ADOPTION OF NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS LICENSING STANDARDS. (a) A domestic, foreign, or alien insurance company applying to become authorized to engage in the business of insurance in this state must use the most current version of any processes and related forms adopted by the National Association of Insurance Commissioners for charter and license application.

(b) A domestic, foreign, or alien insurance company authorized to engage in the business of insurance in this state that requests an amendment to a charter or



authority or charter, shall utilize the most current versions of applicable processes and forms adopted by the National Association of Insurance Commissioners.

(c) Any insurer authorized under Chapter 801 shall provide written notice to the Department, in the manner prescribed by the Commissioner, of any change in contact information within thirty calendar days from the change.

(d) Any insurer authorized under Chapter 801 shall provide written notice to the Department, in the manner prescribed by the Commissioner, of any change in officers or directors within thirty calendar days of instatement.

(e) Nothing in this Section relieves an insurer of any obligation set out under Chapter 823 of the Code.

(f) The commissioner may exempt any class of insurance companies from the requirements of this section if the commissioner believes the information required under this subchapter will not be useful for regulatory purposes.

#### SEC. 801.019 APPLICATION FOR AMENDMENT OF CHARTER.

#### SUBCHAPTER CB. CERTIFICATE OF AUTHORITY

~~Sec. 801.051. APPROVAL, DENIAL, OR DISAPPROVAL OF APPLICATION FOR CERTIFICATE; ELIGIBILITY; HEARING.  
(Text of section stricken.)~~

Sec. 801.052. EFFECT AND CONTENTS OF CERTIFICATE. (a) A certificate of authority issued to an insurer under this chapter authorizes the insurer to engage in the business of insurance. The certificate of authority must state the specific lines of business or kind of insurance authorized under the certificate.

A line of insurance or kinds of insurance are defined as each line of business as specified in this section, but are not limited to and may include any line of business promulgated on the annual statement pages for which financial data is required to be reported by the insurer or HMO.

certificate of authority must use the most current version of applicable processes and forms adopted by the National Association of Insurance Commissioners.

(c) An insurer authorized under this chapter shall provide written notice to the department, in the manner prescribed by the commissioner **by rule**, of a change in contact information or a change of officers or directors not later than the 30th day after the date of the change.

(d) This section does not relieve an insurer of any obligation imposed under Chapter 823.

(e) The commissioner may exempt any class of insurance companies from the requirements of this section if the commissioner determines the information required under this section is not useful for regulatory purposes **with respect to that class of companies.**

SECTION 1.21. Sec. 801.037. Substantially the same as introduced version.

**No equivalent provision.**

*(See repealed provisions in SECTION 3.01 below)*

SECTION 1.22. Section 801.052, Insurance Code, is amended to read as follows:

Sec. 801.052. EFFECT AND CONTENTS OF CERTIFICATE. (a) A certificate of authority issued to an insurer under this chapter authorizes the insurer to engage in the business of insurance. The certificate of authority must state the specific lines of business or kinds of insurance authorized under the certificate.

(b) In this section, "line of business" and "kind of insurance" include each line of business or kind of insurance listed in Subsections (c), (d), and (e) and any line of business or kind of insurance promulgated on the annual statement pages for which financial data is required to be reported by

(b) For an insurer that is required to file the Life and Accident and Health Annual Statement, each of the following is a line of business:

- (1) ordinary life;
- (2) group and individual credit life;
- (3) group life;
- (4) industrial life;
- (5) ordinary annuity;
- (6) group annuity;
- (7) ordinary annuity and other fund deposits (variable life/variable annuity);
- (8) group annuity and other fund deposits (variable life/variable annuity);

- (9) small employer coverage;
- (10) group and individual credit accident and health;
- (11) individual accident and health coverage including collectively renewable accident and health, noncancellable accident and health, guaranteed renewable accident and health, non-renewable for stated reasons only accident and health, and other accident only;
- (12) group accident and health other than association, large employer or small employer coverage;
- (13) Medicare+Choice plan;
- (14) CHIP coverage;

- (15) association coverage;
  - (16) large employer coverage.
  - (17) medicare supplement
- (c) For an insurer that is required to file the Property and Casualty Annual Statement each of the following is a line of insurance:
- (1) fire;
  - (2) allied lines;
  - (3) earthquake;
  - (4) flood;
  - (5) farmowners multiple peril;
  - (6) homeowners multiple peril;
  - (7) Texas commercial multiple peril (non-liability portion);
  - (8) growing crops (all other);
  - (9) multiple peril crop;
  - (10) inland marine;
  - (11) ocean marine;
  - (12) small employer coverage;
  - (13) group and individual credit accident and health;

the insurer or health maintenance organization.

(c) For an insurer required to file a life and accident and health annual statement, each of the following is a line of business:

- (1) ordinary life;
- (2) group and individual credit life;
- (3) group life;
- (4) industrial life;
- (5) ordinary annuity;
- (6) group annuity;
- (7) ordinary annuity and other fund deposits (variable life or variable annuity);
- (8) group annuity and other fund deposits (variable life or variable annuity);
- (9) guaranteed investment contracts, funding agreements, or similar instruments not based on mortality or morbidity contingencies;

- (10) small employer coverage;
- (11) group and individual credit accident and health;
- (12) individual accident and health coverage, including collectively renewable accident and health, noncancelable accident and health, guaranteed renewable accident and health, nonrenewable for stated reasons only accident and health, and other accident only;
- (13) group accident and health other than association, large employer, or small employer coverage;
- (14) Medicare Plus Choice plan;
- (15) coverage under the state child health plan program commonly known as CHIP;
- (16) association coverage;
- (17) large employer coverage; and
- (18) Medicare supplement.

(d) For an insurer required to file a property and casualty annual statement, each of the following is a kind of insurance:

- (1) fire;
- (2) allied lines;
- (3) earthquake;
- (4) flood;
- (5) farm owners multiple peril;
- (6) homeowners multiple peril;
- (7) Texas commercial multiple peril (non-liability portion);
- (8) growing crops (all other);
- (9) multiple peril crop;
- (10) inland marine;
- (11) ocean marine;
- (12) small employer coverage;
- (13) group and individual credit accident and health;

(14) individual accident and health coverage including collectively renewable accident and health, noncancellable accident and health, guaranteed renewable accident and health, non-renewable for stated reasons only accident and health, and other accident only;  
(15) group accident and health other than association, large employer or small employer coverage;  
(16) Medicare+Choice plans;  
(17) CHIP coverage;  
  
(18) association coverage;  
(19) large employer coverage;  
(20) workers compensation/employers liability;  
(21) Texas commercial multiple peril (liability portion);  
(22) financial guaranty;  
(23) medical malpractice liability (physicians--including surgeons and osteopaths);  
(24) medical malpractice liability (all other health care professionals);  
(25) medical malpractice liability--hospitals;  
  
(26) medical malpractice liability (all other health care facilities);  
(27) product liability;  
(28) other general liability; including professional liability  
(29) fidelity and surety  
(30) bail bonds  
(31) glass;  
(32) burglary and theft; including forgery  
(33) boiler and machinery;  
(34) credit;  
(35) mortgage guaranty ( type I and type II);  
(36) aircraft (all perils);  
(37) private passenger auto no-fault personal injury protection;  
(38) other private passenger auto liability;  
(39) commercial auto no-fault personal injury protection;  
(40) other commercial auto liability;  
(41) private passenger auto physical damage;  
(42) commercial auto physical damage.  
(43) hail (growing crops only)  
(44) rain  
(45) title  
(46) livestock mortality  
(47) medicare supplement; and  
(48) warranty, including contractual liability.  
  
(d) For an HMO or insurer that is required to

(14) individual accident and health coverage, including collectively renewable accident and health, noncancelable accident and health, guaranteed renewable accident and health, nonrenewable for stated reasons only accident and health, and other accident only;  
(15) group accident and health other than association, large employer, or small employer coverage;  
(16) Medicare Plus Choice plans;  
(17) coverage under the state child health plan program commonly known as CHIP;  
(18) association coverage;  
(19) large employer coverage;  
(20) workers' compensation or employers liability;  
(21) Texas commercial multiple peril (liability portion);  
(22) financial guaranty;  
(23) medical malpractice liability for physicians, including surgeons and osteopaths;  
(24) medical malpractice liability for health care professionals other than physicians;  
(25) medical malpractice liability for hospitals;  
(26) medical malpractice liability for health care facilities other than hospitals;  
(27) product liability;  
(28) other general liability, including professional liability;  
(29) fidelity and surety;  
(30) bail bonds;  
(31) glass;  
(32) burglary and theft, including forgery;  
(33) boiler and machinery;  
(34) credit;  
(35) type I and type II mortgage guaranty;  
(36) aircraft (all perils);  
(37) private passenger auto no-fault personal injury protection;  
(38) other private passenger auto liability;  
(39) commercial auto no-fault personal injury protection;  
(40) other commercial auto liability;  
(41) private passenger auto physical damage;  
(42) commercial auto physical damage;  
(43) hail (growing crops only);  
(44) rain;  
(45) title;  
(46) livestock mortality;  
(47) Medicare supplement; and  
(48) warranty, including contractual liability.  
(e) For a health maintenance organization or insurer required to file a health annual

file the Health Statement each of the following is a line of **insurance**:

- (1) small employer coverage;
- (2) large employer coverage;
- (3) health care services for Medicaid delivered under a contract with the Texas Health and Human Services Commission;
- (4) health care services for Medicare or a Medicare+Choice plan delivered under a contract with the federal Centers for Medicare and Medicaid Service;
- (5) CHIP coverage;
  
- (6) individual coverage;
- (7) association coverage;
- (8) limited service group coverage;
- (9) limited service individual coverage;
- (10) single service group coverage; and
- (11) single service individual coverage.
- (12) medicare supplement

Sec. 801.053. DURATION OF CERTIFICATE.

Sec. 801.054. PREFERENCE FOR DOMESTIC COMPANY.

*(No change to section text.)*

Sec. 801.055. DEPOSIT OF FEES.

Sec. 801.056. FAILURE TO PROVIDE COMPLETE SET OF FINGERPRINTS: GROUND FOR DENIAL OF APPLICATION.

Sec. 801.057. FAILURE TO FILE ANNUAL OR QUARTERLY STATEMENT: GROUND FOR REVOCATION OR SUSPENSION.

SUBCHAPTER D ~~€~~. COMPETENCE, FITNESS, OR REPUTATION

Sec. 801.101. DEPARTMENT INQUIRY.

Sec. 801.102. DENIAL OF APPLICATION OR REVOCATION OF CERTIFICATE.

~~SUBCHAPTER D. FELONY CONVICTION~~

statement, each of the following is a line of **business**:

- (1) small employer coverage;
- (2) large employer coverage;
- (3) health care services for Medicaid delivered under a contract with the Health and Human Services Commission;
- (4) health care services for Medicare or a Medicare Plus Choice plan delivered under a contract with the federal Centers for Medicare and Medicaid Services;
- (5) coverage under the state child health plan program commonly known as CHIP;
- (6) individual coverage;
- (7) association coverage;
- (8) limited service group coverage;
- (9) limited service individual coverage;
- (10) single service group coverage;
- (11) single service individual coverage; and
- (12) Medicare supplement.

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

**No equivalent provision.**

SECTION 1.23. Substantially the same as introduced version, but makes a technical correction.

SECTION 1.24. Substantially the same as introduced version, but makes a technical correction.

SECTION 1.25. Same as introduced version.

**No equivalent provision.**

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

*(See repealed provisions in SECTION 3.01)*

~~Sec. 801.151. ISSUANCE OF CERTIFICATE PROHIBITED.~~

~~(Text of section stricken.)~~

~~(See Sec. 801.015 in the introduced version.)~~

~~Sec. 801.152. REVOCATION OF CERTIFICATE.~~

~~(Text of section stricken.)~~

~~(See Sec. 801.016 in the introduced version.)~~

~~Sec. 801.153. PETITION FOR ISSUANCE OR REINSTATEMENT OF CERTIFICATE.~~

~~Sec. 801.154. GRANT OF PETITION.~~

~~Sec. 801.155. RULES RELATING TO CONTENTS OF PETITION.~~

~~(Text of section stricken.)~~

~~(See Sec. 801.017 in the introduced version.)~~

SECTION 2. Title 6, Chapter 802, Insurance Code is amended to read as follows:

CHAPTER 802. ANNUAL AND QUARTERLY STATEMENT and STANDARDS

~~SUBCHAPTER A. ANNUAL AND QUARTERLY STATEMENTS OF INSURANCE COMPANIES~~

Sec. 802.001. APPLICABILITY.

~~Section 802.001<sup>2</sup>. FORM OF ANNUAL STATEMENT, QUARTERLY STATEMENT, AND ACTUARIAL OPINION.~~

~~(a) Insurers and other regulated entities must properly report each calendar year to the department and the National Association of Insurance Commissioners by completing, in accordance with applicable instructions, due dates, and rules, the appropriate paper copy annual and quarterly statement blanks, other reporting forms, and electronic filings specified in this section and applicable rules.~~

~~(b) Each insurer other regulated entity authorized to do the business of insurance in this state must file its annual statement using:~~

*below.)*

*(See SECTION 1.17 above.)*

*(See SECTION 1.18 above.)*

*(See SECTION 1.19 above.)*

SECTION 1.26. The heading to Chapter 802, Insurance Code, is amended to read as follows:

CHAPTER 802. ANNUAL AND QUARTERLY STATEMENTS; ACCOUNTING AND FINANCIAL STANDARDS [STATEMENT]

*(See repealed provisions in SECTION 3.01 below.)*

SECTION 1.27. Sections 802.001, 802.002, and 802.003, Insurance Code, are amended to read as follows:

Sec. 802.001. Substantially the same as introduced version.

Sec. 802.002. ANNUAL STATEMENT; QUARTERLY STATEMENT; ACTUARIAL OPINION [REQUIRED].

(a) Insurers and other regulated entities must properly report each calendar year to the department and the National Association of Insurance Commissioners by completing, in accordance with applicable instructions, due dates, and rules, the appropriate paper copy annual and quarterly statement blanks, other reporting forms, and electronic filings specified in this section and applicable rules.

(b) Each insurer and other regulated entity authorized to engage in the business of insurance in this state must file its annual statement using:

(1) the annual statement blanks, the quarterly statement blanks, the annual and quarterly supplemental reporting forms, and the related instruction manuals as adopted and published by the National Association of Insurance Commissioners each year; and

(2) any the Texas-specific reporting forms specified by rule.

(c) If an insurer fails to deliver an annual or quarterly statement in a timely manner, the department shall notify the company that the company may not issue new insurance until the statement is delivered to the department.

(d) In this section, "qualified actuary" means:

(1) a member in good standing of the American Academy of Actuaries; or

(2) a person who has otherwise demonstrated actuarial competence to the satisfaction of the commissioner or an insurance regulatory official of another state in which the insurance company is domiciled.

(d) An insurance company's annual statement must include a statement of a qualified actuary entitled "Statement of Actuarial Opinion," as set out in this Section and applicable rules, that:

(1) is located on or is attached to the first page of the annual statement; and

(2) provides the opinion of the actuary relating to policy reserves and other actuarial items for life insurance, accident and health insurance, and annuities, or loss and loss adjustment expense reserves for property and casualty risks, as described in the annual statement instructions of the National Association of Insurance Commissioners as appropriate for the type of risks insured.

~~(a) The commissioner, as necessary to obtain an accurate indication of the company's condition and method of transacting business, may change the form of any annual statement required to be filed by any kind of insurance company.~~

~~(b) The form may require only information that relates to the business of the insurance company.~~

~~Sec. 802.002. — ACTUARIAL OPINION REQUIRED. (a) In this section, "qualified actuary" means:~~

~~(1) a member in good standing of the American Academy of Actuaries; or~~

(1) the annual statement blanks, the quarterly statement blanks, the annual and quarterly supplemental reporting forms, and the related instruction manuals as adopted and published by the National Association of Insurance Commissioners each year; and

(2) any reporting forms unique to this state required by the commissioner by rule.

(c) If an insurer or other regulated entity fails to deliver an annual or quarterly statement in a timely manner, the department shall notify the insurer or other entity that the insurer or other entity may not issue new insurance until the date the statement is delivered to the department.

(d) In this section, "qualified actuary" means:

(1) a member in good standing of the American Academy of Actuaries; or

(2) a person who has otherwise demonstrated actuarial competence to the satisfaction of the commissioner or an insurance regulatory official of another state in which the insurance company is domiciled.

(e) [(b)] An insurer's or other regulated entity's [insurance—company's] annual statement must include a statement of a qualified actuary, as prescribed by this section and applicable rules, entitled "Statement of Actuarial Opinion," that:

(1) is located on or is attached to the first page of the annual statement; and

(2) provides the opinion of the actuary relating to policy reserves and other actuarial items for life insurance, accident and health insurance, and annuities, or loss and loss adjustment expense reserves for property and casualty risks, as described in the annual statement instructions of the National Association of Insurance Commissioners as appropriate for the type of risks insured.

~~(2) a person who has otherwise demonstrated actuarial competence to the satisfaction of the commissioner or an insurance regulatory official of another state in which the insurance company is domiciled.~~

~~(b) An insurance company's annual statement must include a statement of a qualified actuary entitled "Statement of Actuarial Opinion" that:~~

~~(1) is located on or is attached to the first page of the annual statement; and~~

~~(2) provides the opinion of the actuary relating to policy reserves and other actuarial items for life insurance, accident and health insurance, and annuities, or loss and loss adjustment expense reserves for property and casualty risks, as described in the annual statement instructions of the National Association of Insurance Commissioners as appropriate for the type of risks insured.~~

Sec. 802.003. FILING DATE OF ANNUAL STATEMENT DELIVERED BY POSTAL SERVICE. Except as otherwise specifically provided, for an annual statement that is required to be filed in the offices of the commissioner and that is delivered by the United States Postal Service to the offices of the commissioner after the date on which the annual statement is required to be filed, the date of filing is the date of:

- (1) the postal service postmark stamped on the cover in which the document is mailed; or
- (2) any other evidence of mailing authorized by the postal service reflected on the cover in which the document is mailed.

Sec. 802.00452. CONCURRENT FILING WITH NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. (a) Each domestic, foreign, or alien insurance company authorized to engage in the business of insurance in this state shall file a copy of the company's annual and quarterly statements with the National Association of Insurance Commissioners at the time the company files the statements with the

Sec. 802.003. FILING DATE OF ANNUAL OR QUARTERLY STATEMENT DELIVERED BY POSTAL SERVICE. Except as otherwise specifically provided, for an annual or quarterly statement that is required to be filed in the offices of the commissioner and that is delivered by the United States Postal Service to the offices of the commissioner after the date on which the annual statement is required to be filed, the date of filing is the date of:

- (1) the postal service postmark stamped on the cover in which the document is mailed; or
- (2) any other evidence of mailing authorized by the postal service reflected on the cover in which the document is mailed.

SECTION 1.28. Sections 802.052, 802.053, 802.054, 802.055, and 802.056, Insurance Code, are redesignated as Sections 802.004, 802.005, 802.006, 802.007, and 802.008, Insurance Code, and amended to read as follows:

Sec. 802.004 [~~802.052~~]. CONCURRENT FILING WITH NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. (a) Each domestic, foreign, or alien insurance company or other regulated entity to which this chapter applies authorized to engage in the business of insurance in this state shall file a copy of the company's annual and quarterly statements [~~statement~~] with the National Association of

commissioner.

(b) The statements required by Subsection (a) must:

(1) meet requirements adopted by the commissioner, including:

(A) a change in substance or form;

(B) an additional filing; and

(C) any requirement that the statement be in a computer compatible format; and

(2) include the signed jurat page and the actuarial opinion, as required by the jurisdiction in which the insurance company is domiciled.

(c) The insurance company shall also file with the National Association of Insurance Commissioners a copy of any amendment or addition to the annual or quarterly statements that is subsequently filed with the commissioner.

Sec. 802.005~~53~~. EXEMPTION AUTHORITY. The commissioner may exempt any class of insurance companies from the requirements of this subchapter if the commissioner believes the information required under this ~~subchapter~~ will not be useful for regulatory purposes.

Sec. 802.006~~54~~. COMPLIANCE.

Sec. 802.007~~55~~. COSTS PAID BY INSURANCE COMPANY.

Sec. 802.008~~56~~. STATUS OF REPORTS AND OTHER INFORMATION.

Sec. 802.009. ADOPTION OF ACCOUNTING AND FINANCIAL STANDARDS.

SECTION 3. Title 6, Chapter 822, Insurance Code is amended to read as follows:

~~CHAPTER 822. GENERAL INCORPORATION AND REGULATORY REQUIREMENTS FOR INSURANCE COMPANIES OTHER THAN LIFE, HEALTH, OR ACCIDENT INSURANCE COMPANIES~~

SUBCHAPTER A. GENERAL PROVISIONS

Insurance Commissioners at the time the company files the statements [~~statement~~] with the commissioner.

(b) The statements [~~statement~~] required by Subsection (a) must:

(1) meet requirements adopted by the commissioner, including:

(A) a change in substance or form;

(B) an additional filing; and

(C) any requirement that the statement be in a computer compatible format; and

(2) include the signed jurat page and the actuarial opinion, as required by the jurisdiction in which the insurance company is domiciled.

(c) The insurance company shall also file with the National Association of Insurance Commissioners a copy of any amendment or addition to the annual or quarterly statements [~~statement~~] that is subsequently filed with the commissioner.

Sec. 802.005 [~~802.053~~]. EXEMPTION AUTHORITY. The commissioner may exempt any class of insurance companies from the requirements of this chapter [~~subchapter~~] if the commissioner believes the information required under this chapter [~~subchapter~~] will not be useful for regulatory purposes with respect to that class.

Sec. 802.006 [~~802.054~~]. Substantially the same as introduced version.

Sec. 802.007 [~~802.055~~]. Substantially the same as introduced version.

Sec. 802.008 [~~802.056~~]. Substantially the same as introduced version.

SECTION 1.29. Substantially the same as introduced version.

SECTION 1.30. Same as introduced version.

*(No equivalent provision, but no substantive change to this section in the introduced*



<p>Sec. 822.001. APPLICABILITY OF CHAPTER.</p>	<p><i>version.</i>)</p> <p>SECTION 1.31. Substantially the same as introduced version, but makes technical corrections.</p>
<p>Sec. 822.002. APPLICABILITY OF LAW GOVERNING CORPORATIONS.</p>	<p><i>(See SECTION 1.03 above.)</i></p>
<p><del>Sec. 822.003. EFFECT ON TRANSACTIONS BETWEEN INSURANCE COMPANIES AND OTHERS.</del></p> <p><i>(Text of section stricken.)</i></p>	<p><i>(See repealed provisions in SECTION 3.01 below.)</i></p>
<p><del>SUBCHAPTER B. FORMATION AND STRUCTURE OF COMPANY</del></p>	<p><i>(See repealed provisions in SECTION 3.01 below.)</i></p>
<p><del>Sec. 822.051. FORMATION OF COMPANY.</del></p> <p><i>(Text of section stricken.)</i></p> <p><i>(See Sec. 801.004 in the introduced version.)</i></p>	<p><i>(See SECTION 1.05 above.)</i></p>
<p><del>Sec. 822.052. ARTICLES OF INCORPORATION.</del></p> <p><i>(Text of section stricken.)</i></p> <p><i>(See Sec. 801.005 in the introduced version.)</i></p>	<p><i>(See SECTION 1.06 above.)</i></p>
<p><del>Sec. 822.053. COMPANY'S NAME.</del></p> <p><i>(Text of section stricken.)</i></p> <p><i>(See Sec. 801.011 in the introduced version.)</i></p>	<p><i>(See SECTION 1.12 above.)</i></p>
<p><del>Sec. 822.054. CAPITAL STOCK AND SURPLUS REQUIREMENTS.</del></p> <p><i>(Text of section stricken.)</i></p> <p><i>(See Sec. 801.012 in the introduced version.)</i></p>	<p><i>(See SECTION 1.07 above.)</i></p>
<p><del>Sec. 822.055. SHARES OF STOCK WITH PAR VALUE.</del></p> <p><i>(Text of section stricken.)</i></p>	<p><i>(See repealed provisions in SECTION 3.01 below.)</i></p>
<p><del>Sec. 822.056. SHARES OF STOCK WITHOUT PAR VALUE.</del></p> <p><i>(Text of section stricken.)</i></p>	<p><i>(See repealed provisions in SECTION 3.01 below.)</i></p>
<p><del>Sec. 822.057. APPLICATION FOR CHARTER.</del></p> <p><i>(Text of section stricken.)</i></p> <p><i>(See Sec. 801.013 in the introduced version.)</i></p>	<p><i>(See SECTION 1.15 above.)</i></p>
<p><del>Sec. 822.058. ACTION BY COMMISSIONER AFTER FILING OF APPLICATION FOR CHARTER.</del></p> <p><i>(Text of section stricken.)</i></p>	<p><i>(See repealed provisions in SECTION 3.01 below.)</i></p>

<del>Sec. 822.060. ACTION ON APPLICATION.</del> (Text of section stricken.) (See Sec. 801.014 in the introduced version.)	(See SECTION 1.16 above.)
<del>Sec. 822.061. ISSUANCE OF CHARTER.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>SUBCHAPTER C. AUTHORITY TO ENGAGE IN BUSINESS IN THIS STATE</del>	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.101. CERTIFICATE OF AUTHORITY.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>SUBCHAPTER D. MANAGEMENT OF COMPANY</del>	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.151. CONDUCTING SHAREHOLDERS MEETING.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.152. BOARD OF DIRECTORS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.153. ELECTION OF DIRECTORS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.154. OFFICERS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.155. APPLICATION FOR AMENDMENT OF CHARTER.</del> (Text of section stricken.) (See Sec. 801.019 above.)	(See SECTION 1.21 above.)
<del>Sec. 822.156. CERTIFICATE REQUIRED FOR AMENDMENT OF CHARTER TO AUTHORIZE SHARES WITHOUT PAR VALUE.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.157. ACTION BY COMMISSIONER AFTER FILING OF APPLICATION FOR CHARTER AMENDMENT.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 822.158. DETERMINATION ON APPLICATION FOR CHARTER AMENDMENT.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
SUBCHAPTER <u>BE</u> . CAPITAL, SURPLUS,	No equivalent provision.

AND GUARANTY FUND  
REQUIREMENTS

Sec. 822.~~003204~~. APPLICABILITY OF  
CAPITAL AND SURPLUS  
REQUIREMENTS.

Sec. 822.201. Substantially the same as  
introduced version.

Sec. 822.~~004202~~. FULL COVERAGE  
AUTOMOBILE INSURANCE;  
DETERMINATION OF AMOUNTS.  
*(No change to section text.)*

No equivalent provision.

Sec. 822.~~005205~~. UNENCUMBERED  
SURPLUS OR GUARANTY FUND  
REQUIREMENTS FOR CERTAIN  
INSURANCE COMPANIES.  
*(No change to section text.)*

No equivalent provision.

Sec. 822.~~006206~~. REPURCHASE OF  
CAPITAL STOCK BY TENDER OFFER  
OR PRIVATE TRANSACTION.

SECTION 1.32. Section 822.206.  
Substantially the same as introduced version.

Sec. 822.~~207007~~. REPURCHASE OF  
CAPITAL STOCK ON OPEN MARKET.

SECTION 1.33. Section 822.207.  
Substantially the same as introduced version.

Sec. 822.~~208008~~. APPLICATION FOR  
REPURCHASE OF COMPANY'S SHARES  
SUBJECT TO OTHER LAW.  
*(No change to section text.)*

No equivalent provision.

Sec. 822.~~209009~~. REINVESTMENT OF  
CAPITAL STOCK.  
*(No change to section text.)*

No equivalent provision.

Sec. 822.~~212010~~. INCREASE OF CAPITAL  
AND SURPLUS.

SECTION 1.34. Section 822.212.  
Substantially the same as introduced version,  
but makes technical corrections.

SUBCHAPTER C. PROVISIONS  
APPLICABLE TO CASUALTY  
INSURANCE

SECTION 1.35. Chapter 822, Insurance  
Code, is amended by adding Subchapter F to  
read as follows:

SUBCHAPTER F. PROVISIONS  
APPLICABLE TO CASUALTY  
COMPANIES

Sec. 822.250. DEFINITIONS.

Sec. 822.251. Substantially the same as  
introduced version.

Sec. 822.251. DIVIDENDS.

SECTION 1.36. Sec. 822.252. Substantially  
the same as introduced version.

Sec. 822.252. MINIMUM CAPITAL AND

SECTION 1.37. Sec. 822.253. Substantially

SURPLUS.

Sec. 822.253. RULES REGARDING CERTAIN ASSETS.

Sec. 822.254. REAL PROPERTY.

Sec. 822.255. REVOCATION OF CERTIFICATE.

Sec. 822.256. PENALTY.

Sec. 822.257. COLLECTION OF PENALTY.

Sec. 822.258. SECURITY DEPOSIT.

SECTION 4. Title 6, Chapter 841, Subchapters A - F, Insurance Code is amended to read as follows:

CHAPTER 841. LIFE, HEALTH, OR ACCIDENT INSURANCE COMPANIES  
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 841.001. DEFINITIONS.

Sec. 841.002. APPLICABILITY OF CHAPTER AND OTHER LAW.

Sec. 841.003. APPLICABILITY OF LAW GOVERNING CORPORATIONS.

Sec. 841.004. NET ASSETS DEFINED; RULES.

~~SUBCHAPTER B. FORMATION AND STRUCTURE OF DOMESTIC COMPANIES~~

the same as introduced version.

SECTION 1.38. Sec. 822.254. Substantially the same as introduced version.

SECTION 1.39. Sec. 822.255. Substantially the same as introduced version.

SECTION 1.40. Sec. 822.256. Substantially the same as introduced version, but makes technical corrections.

SECTION 1.41. Sec. 822.257. Substantially the same as introduced version, but makes a technical correction.

SECTION 1.42. Sec. 822.258. Substantially the same as introduced version, but makes a technical correction.

SECTION 1.43. Sec. 822.259. Substantially the same as introduced version.

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

SECTION 1.44. Sections 841.002 and 841.003, Insurance Code, are amended to read as follows:

Sec. 841.002. Same as introduced version.

Sec. 841.003. Substantially the same as introduced version, but makes a technical correction.

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 841.051. FORMATION OF COMPANY.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.052. ARTICLES OF INCORPORATION.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.053. COMPANY NAME.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.054. CAPITAL STOCK AND SURPLUS REQUIREMENTS.~~ (See SECTION 1.07 above.)  
*(Text of section stricken.)*

~~Sec. 841.055. SHARES OF STOCK.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.056. REQUIREMENTS FOR SHARES OF STOCK WITH PAR VALUE.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.057. REQUIREMENTS FOR SHARES OF STOCK WITHOUT PAR VALUE.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.058. APPLICATION FOR CHARTER.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.059. ACTION BY COMMISSIONER AND DEPARTMENT AFTER FILING.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.061. ACTION ON APPLICATION.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.062. BEGINNING OF CORPORATE EXISTENCE.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~Sec. 841.063. ORGANIZATION MEETING.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

~~SUBCHAPTER C. AUTHORITY TO ENGAGE IN BUSINESS~~ (See repealed provisions in SECTION 3.01 below.)

~~Sec. 841.101. CERTIFICATE OF AUTHORITY REQUIRED.~~ (See repealed provisions in SECTION 3.01 below.)  
*(Text of section stricken.)*

<del>Sec. 841.102. SCHEDULE OF ASSETS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.103. ISSUANCE OF CERTIFICATE OF AUTHORITY.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
Sec. 841.005104. TAX PAYMENT REQUIRED FOR ISSUANCE OF CERTAIN CERTIFICATES OF AUTHORITY.	SECTION 1.45. Same as introduced version.
<del>SUBCHAPTER D. MANAGEMENT OF COMPANY</del>	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.151. CONDUCTING SHAREHOLDERS' MEETING.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.152. BOARD OF DIRECTORS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.153. ELECTION OF DIRECTORS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.154. STAGGERED TERMS FOR LARGE BOARD OF DIRECTORS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.155. OFFICERS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.156. AMENDMENT OF CHARTER OR ARTICLES.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
SUBCHAPTER <u>BE</u> . CAPITAL AND SURPLUS	<b>No equivalent provision.</b>
Sec. 841.201. FORM OF REQUIRED CAPITAL AND SURPLUS.	SECTION 1.46. Same as introduced version.
<del>Sec. 841.202. AUTHORIZED SHARES.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.203. COMPANY'S REPURCHASE OF STOCK.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)
<del>Sec. 841.204. EXEMPTION FROM REQUIRED INCREASE OF CAPITAL AND SURPLUS.</del> (Text of section stricken.)	(See repealed provisions in SECTION 3.01 below.)

~~Sec. 841.205. COMMISSIONER MAY REQUIRE LARGER CAPITAL AND SURPLUS AMOUNTS.~~

*(Text of section stricken.)*

*(See Sec. 801.007 in introduced version.)*

*(See SECTION 1.08 above.)*

~~Sec. 841.206. IMPAIRMENT OF CAPITAL AND SURPLUS.~~

*(Text of section stricken.)*

*(See Sec. 801.008 in introduced version.)*

*(See SECTION 1.09 above.)*

~~Sec. 841.207. ACTIONS OF COMMISSIONER WHEN CAPITAL AND SURPLUS REQUIREMENTS NOT SATISFIED.~~

*(Text of section stricken.)*

*(See Sec. 801.009 in introduced version.)*

*(See SECTION 1.10 above.)*

#### SUBCHAPTER CF. GENERAL POWERS, DUTIES, AND LIMITATIONS

**No equivalent provision.**

Sec. 841.251. EVIDENCE OF EXPENDITURES.

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

Sec. 841.252. PAYMENTS TO OFFICERS, DIRECTORS, AND EMPLOYEES.

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

Sec. 841.253. LIFE INSURANCE COMPANY'S PAYMENT OF DIVIDENDS.

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

Sec. 841.254. TRANSFER OF STOCK.

*(No equivalent provision, but no substantive change to this section in the introduced version.)*

~~Sec. 841.255. ANNUAL STATEMENT; FILING FEE.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

Sec. 841.2556. BUSINESS IN SEPARATE DEPARTMENTS OF DOMESTIC INSURANCE COMPANY.

SECTION 1.47. Sections 841.256 and 841.257, Insurance Code, are amended to read as follows:

Sec. 841.256. Substantially the same as introduced version.

Sec. 841.2567. KINDS OF BUSINESS LIMITED.

Sec. 841.257. Substantially the same as introduced version.

Sec. 841.2578. AGENTS FOR COMPANY THAT CEASES WRITING NEW BUSINESS.

**No equivalent provision.**

Sec. 841.2589. ACTIVITIES OF DIRECTORS AND OFFICERS.

No equivalent provision.

Sec. 841.25960. PROHIBITED COMMISSIONS.

No equivalent provision.

Sec. 841.2604. CAUSES OF ACTION.

No equivalent provision.

SECTION 5. Title 6, Chapter 861, is repealed in its entirety.

Substantially the same as introduced version. (See ARTICLE 3. REPEALER below and redesignations of certain sections of Chapter 861.)

SECTION 6. Title 6, Chapter 882, Subchapters A - D, is amended and renumbered to read as follows:

SECTION 1.48. Section 882.001, Insurance Code, is amended to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 882.001. APPLICABILITY OF THIS CHAPTER AND OTHER LAW. Except to the extent of any conflict with this chapter, a law governing a company organized under Chapter 801 and operating under Chapter 841 applies to a mutual life insurance company organized under this chapter.

Sec. 882.001. APPLICABILITY OF THIS CHAPTER AND OTHER LAW. Except to the extent of any conflict with this chapter, a law governing a company organized under Chapter 801 and operating under Chapter 841 applies to a mutual life insurance company operating [organized] under this chapter.

~~Sec. 882.002. EXAMINATION OF COMPANY.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

~~Sec. 882.003. ANNUAL STATEMENT.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

SUBCHAPTER ~~BE~~: AGENTS

No equivalent provision.

SUBCHAPTER ~~CF~~: GENERAL FINANCIAL REQUIREMENTS

No equivalent provision.

SUBCHAPTER ~~DG~~: UNENCUMBERED SURPLUS REQUIREMENTS

No equivalent provision.

SUBCHAPTER ~~EH~~: DIVIDENDS

No equivalent provision.

SUBCHAPTER ~~FI~~: CONTINGENCY RESERVE

No equivalent provision.

SUBCHAPTER ~~GJ~~: POLICY REQUIREMENTS

No equivalent provision.

SUBCHAPTER ~~HK~~: TOTAL ASSUMPTION REINSURANCE AGREEMENTS

No equivalent provision.

SUBCHAPTER ~~IL~~: MERGERS AND

No equivalent provision.



ACQUISITIONS

SUBCHAPTER ~~JM~~: CONVERSAION OF MUTUAL LIFE INSURANCE COMPANY TO STOCK LEGAL RESERVE LIFE INSURANCE COMPANY

No equivalent provision.

SUBCHAPTER ~~KN~~: CONVERSION OF CERTAIN MUTUAL ASSESSMENT COMPANIES OR ASSOCIATIONS TO MUTUAL LIFE INSURANCE COMPANIES

No equivalent provision.

SUBCHAPTER ~~LQ~~: ENFORCEMENT PROVISIONS

No equivalent provision.

SUBCHAPTER ~~MP~~: CONVERSION OF MUTUAL LIFE INSURANCE COMPANY TO INSURANCE HOLDING COMPANY AND STOCK LIFE INSURANCE COMPANY

No equivalent provision.

~~SUBCHAPTER B. FORMATION AND STRUCTURE OF MUTUAL LIFE INSURANCE COMPANY~~

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.051. AUTHORITY TO FORM COMPANY; PURPOSE.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.052. FORMATION OF COMPANY; ARTICLES OF INCORPORATION.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.053. COMPANY'S NAME.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.054. INITIAL BOARD OF DIRECTORS; TERM.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.055. UNENCUMBERED SURPLUS REQUIREMENTS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.056. APPLICATION FOR CHARTER.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.057. APPLICATION PROCESS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.058. ACTION ON APPLICATION.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~Sec. 882.059. EXAMINATION AFTER DETERMINATION.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~SUBCHAPTER C. AUTHORITY TO ENGAGE IN BUSINESS~~

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.101. ISSUANCE OF CERTIFICATE OF AUTHORITY.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~SUBCHAPTER D. MANAGEMENT OF MUTUAL LIFE INSURANCE COMPANY~~

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.151. BOARD OF DIRECTORS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.152. ADOPTION OF INITIAL BYLAWS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.153. ANNUAL MEETING.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.154. STAGGERED TERMS FOR LARGE BOARD OF DIRECTORS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.155. VOTING BY POLICYHOLDERS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.156. OFFICERS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.157. OFFICER BONDS.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 882.158. BYLAWS MUST COMPLY WITH LAW.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

SECTION 7. Title 6, Chapter 883, is amended to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 883.001. DEFINITIONS.

SECTION 1.49. Same as introduced version.

Sec. 883.002. APPLICABILITY OF CERTAIN GENERAL LAWS.

*(No equivalent provision, but introduced version does not substantially change this section.)*

	<i>section.)</i>
Sec. 883.003. APPLICABILITY OF TEXAS NON-PROFIT CORPORATION ACT.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
<del>SUBCHAPTER B. FORMATION, STRUCTURE, AND MANAGEMENT OF COMPANY</del>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.051. FORMATION OF COMPANY.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.052. ARTICLES OF INCORPORATION.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.053. COMPANY'S NAME.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.054. LOCATION OF PRINCIPAL OR HOME OFFICE.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.055. BEGINNING OF CORPORATE EXISTENCE.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.056. BOARD OF DIRECTORS.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.057. MEMBERSHIP OF PUBLIC OR PRIVATE ENTITIES IN COMPANY AUTHORIZED.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.058. MEMBERSHIP VOTES.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>SUBCHAPTER C. AUTHORITY TO ENGAGE IN BUSINESS IN THIS STATE</del>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.101. MUTUAL INSURANCE BUSINESS.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.102. CHARTER AND CERTIFICATE OF AUTHORITY REQUIRED.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
<del>Sec. 883.103. AUTHORIZATION OF FOREIGN MUTUAL INSURANCE COMPANY TO ENGAGE IN BUSINESS.</del>	<i>(See repealed provisions in SECTION 3.01 below.)</i>

(Text of section stricken.)

SUBCHAPTER ~~BD~~. POWERS, DUTIES,  
AND OPERATION OF COMPANY

No equivalent provision.

Sec. 883.~~004~~152. PRIOR AUTHORITY  
NOT AFFECTED.

No equivalent provision.

(No change to section text.)

Sec. 883.~~005~~153. POLICY RATES.

No equivalent provision.

(No change to section text.)

Sec. 883.~~006~~154. MAXIMUM PREMIUMS.

No equivalent provision.

(No change to section text.)

Sec. 883.~~007~~155. ISSUANCE OF POLICY  
FOR CASH PREMIUM ONLY.

No equivalent provision.

(No change to section text.)

Sec. 883.~~008~~156. ASSESSMENT ON  
POLICYHOLDERS.

No equivalent provision.

(No change to section text.)

Sec. 883.~~009~~157. REINSURANCE OF  
POLICY.

No equivalent provision.

(No change to section text.)

Sec. 883.~~010~~158. REQUIREMENTS FOR  
COMPANIES WRITING BONDS.

No equivalent provision.

(No change to section text.)

Sec. 883.~~011~~159. NECESSARY OR  
INCIDENTAL POWERS.

No equivalent provision.

(No change to section text.)

Sec. 883.~~012~~160. RIGHTS AND  
PRIVILEGES OF CERTAIN COMPANIES  
RETAINED.

No equivalent provision.

(No change to section text.)

Sec. 883.~~013~~161. DIVIDENDS.

No equivalent provision.

(No change to section text.)

Sec. 883.~~014~~162. LOANS TO COMPANY.

No equivalent provision.

(No change to section text.)

Sec. 883.~~015~~163. IMMEDIATE  
NOTIFICATION WHEN ASSETS ARE  
INSUFFICIENT; EXAMINATION. The  
president and the secretary of a mutual  
insurance company shall immediately notify  
the commissioner any time the admitted  
assets of the company are less than the largest

SECTION 1.50. Section 883.163, Insurance  
Code, is amended to read as follows:

Sec. 883.163. IMMEDIATE  
NOTIFICATION WHEN ASSETS ARE  
INSUFFICIENT; EXAMINATION. The  
president and the secretary of a mutual  
insurance company **operating under this  
chapter** [~~the law providing for the  
incorporation of mutual fire, lightning, hail,~~

single risk for which the company is liable. The commissioner may make an examination into the affairs of the company as the commissioner considers best.

~~and storm insurance companies]~~ shall immediately notify the commissioner any time the admitted assets of the company are less than the largest single risk for which the company is liable. The commissioner may make an examination into the affairs of the company as the commissioner considers best.

SUBCHAPTER ~~C~~. REGULATION OF COMPANY

No equivalent provision.

~~Sec. 883.201. SURPLUS REQUIREMENTS.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

~~Sec. 883.202. REQUIRED DEPOSIT FOR COMPANIES WRITING BONDS.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

Sec. 883.016203. RESERVES.  
(No change to section text.)

No equivalent provision.

~~Sec. 883.204. ANNUAL REPORT.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

Sec. 883.017205. EXAMINATION OF FOREIGN MUTUAL INSURANCE COMPANY.  
(No change to section text.)

No equivalent provision.

Sec. 883.018206. FEES.  
(No change to section text.)

No equivalent provision.

Sec. 883.019207. PREMIUM TAX.  
(No change to section text.)

No equivalent provision.

SUBCHAPTER ~~O~~. ~~CRIMINAL PENALTIES~~

(See repealed provisions in SECTION 3.01 below.)

~~Sec. 883.701. VIOLATION OF CHAPTER.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

~~Sec. 883.702. FAILURE TO REPORT CONDITION.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

~~Sec. 883.703. FALSE STATEMENT OR MISAPPROPRIATION.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

~~Sec. 883.704. UNAUTHORIZED MUTUAL FIRE INSURANCE.~~  
(Text of section stricken.)

(See repealed provisions in SECTION 3.01 below.)

SECTION 8. Title 6, Chapter 982, is

amended to read as follows:

SUBCHAPTER A. GENERAL PROVISIONS

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.001. DEFINITIONS.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.002. APPLICABILITY OF CHAPTER.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.003. LIFE INSURANCE COMPANIES WANTING TO LOAN MONEY.

*(No equivalent provision, but introduced version does not substantially change this section.)*

~~Sec. 982.004. FINANCIAL STATEMENTS OF FOREIGN OR ALIEN INSURANCE COMPANIES.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~SUBCHAPTER B. AUTHORITY TO ENGAGE IN BUSINESS~~

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 982.051. CERTIFICATE OF AUTHORITY REQUIRED FOR LIFE, HEALTH, OR ACCIDENT COMPANIES.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~Sec. 982.052. CERTIFICATE OF AUTHORITY REQUIRED FOR OTHER COMPANIES.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~SUBCHAPTER C. REQUIREMENTS FOR CERTIFICATE OF AUTHORITY~~

**No equivalent provision.**

~~Sec. 982.101. FILING OF FINANCIAL STATEMENT BY LIFE, HEALTH, OR ACCIDENT INSURANCE COMPANY.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~Sec. 982.102. FILING OF FINANCIAL STATEMENT BY OTHER INSURANCE COMPANY; EXAMINATION.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~Sec. 982.103. FILING OF FINANCIAL STATEMENT BY ALIEN INSURANCE COMPANY.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~Sec. 982.104. FILING OF ARTICLES OF INCORPORATION.~~

*(See repealed provisions in SECTION 3.01 below.)*

*(Text of section stricken.)*

~~Sec. 982.105. CAPITAL STOCK AND SURPLUS REQUIREMENTS FOR LIFE, HEALTH, OR ACCIDENT INSURANCE COMPANIES.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

~~Sec. 982.106. CAPITAL STOCK AND SURPLUS REQUIREMENTS FOR OTHER INSURANCE COMPANIES.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

Sec. 982.107. APPLICABILITY OF OTHER LAW.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.108. DEPOSIT REQUIREMENTS FOR ALIEN INSURANCE COMPANY.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.109. DURATION OF DEPOSIT BY LIFE, HEALTH, OR ACCIDENT INSURANCE COMPANIES.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.110. DURATION OF DEPOSIT FOR OTHER INSURANCE COMPANIES.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.111. EXCEPTION TO DEPOSIT REQUIREMENT: TRUSTEED ASSETS.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.112. EXCEPTION TO DEPOSIT REQUIREMENT: DEPOSIT WITH OFFICER IN ANOTHER STATE.

*(No equivalent provision, but introduced version does not substantially change this section.)*

~~Sec. 982.113. ISSUANCE OF CERTIFICATE OF AUTHORITY TO LIFE, HEALTH, OR ACCIDENT INSURANCE COMPANY.~~

*(Text of section stricken.)*

*(See repealed provisions in SECTION 3.01 below.)*

Sec. 982.114. PAYMENT OF TAX BY FOREIGN OR ALIEN LIFE INSURANCE COMPANY.

*(No equivalent provision, but introduced version does not substantially change this section.)*

SUBCHAPTER BD. TRUSTEED ASSETS OF ALIEN INSURANCE COMPANIES

**No equivalent provision.**

Sec. 982.201. DEED OF TRUST: GENERAL PROVISIONS.

*(No equivalent provision, but introduced version does not substantially change this section.)*

Sec. 982.202. DEED OF TRUST: APPROVAL BY COMMISSIONER.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
Sec. 982.203. LOCATION OF TRUSTEED ASSETS.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
Sec. 982.204. WITHDRAWAL OF TRUSTEED ASSETS.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
SUBCHAPTER <u>C</u> . TRUSTEED SURPLUS OF ALIEN INSURANCE COMPANIES	<b>No equivalent provision.</b>
Sec. 982.251. TRUSTEED SURPLUS OF ALIEN INSURANCE COMPANY.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
<del>Sec. 982.252. FORM AND CONTENTS OF FINANCIAL STATEMENT OF ALIEN INSURANCE COMPANY.</del> <i>(Text of section stricken.)</i>	<i>(See repealed provisions in SECTION 3.01 below.)</i>
Sec. 982.253. IMPAIRMENT OF TRUSTEED SURPLUS.	SECTION 1.51. Same as introduced version.
Sec. 982.254. FAILURE TO ELIMINATE IMPAIRMENT OF TRUSTEED SURPLUS.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
Sec. 982.255. EXAMINATION OF ALIEN INSURANCE COMPANY.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
SUBCHAPTER <u>D</u> <del>F</del> . PROVISIONS APPLICABLE TO CERTAIN COMPANIES	<b>No equivalent provision.</b>
Sec. 982.301. APPLICABILITY OF SUBCHAPTER.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
Sec. 982.302. REINSURANCE NOT PROHIBITED.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
Sec. 982.303. TEXAS LAW ACCEPTED.	<i>(No equivalent provision, but introduced version does not substantially change this section.)</i>
<del>Sec. 982.304. SAME OR DECEPTIVELY SIMILAR NAME.</del> <i>(Text of section stricken.)</i> <i>(See Sec. 801.012 above.)</i>	<i>(See SECTION 1.13 above.)</i>



Sec. 982.305. LIMITATION ON ACTIONS  
IN OTHER STATE COURTS.

*(No equivalent provision, but introduced  
version does not substantially change this  
section.)*

~~Sec. 982.306. DEPOSIT FOR FOREIGN  
CASUALTY COMPANY NOT  
REQUIRED.~~

*(See repealed provisions in SECTION 3.01  
below.)*

*(Text of section stricken.)*

No equivalent provision.

## ARTICLE 2. CONFORMING AMENDMENTS

No equivalent provision.

SECTION 2.01. Section 34.004, Insurance  
Code, is amended to read as follows:

Sec. 34.004. IMMUNITY FOR USE OF  
ANNUAL OR QUARTERLY  
STATEMENT INFORMATION. (a) A  
person is not liable in a civil action,  
including an action for libel or slander, for  
collecting, reviewing, analyzing,  
disseminating, or reporting information  
collected from annual or quarterly statements  
filed under Chapter 802 if the person is:

- (1) the department, the commissioner, or an  
employee of the department;
  - (2) a member or employee of or delegate to  
the National Association of Insurance  
Commissioners or an authorized committee,  
subcommittee, or task force of that  
association; or
  - (3) another person who is responsible for  
collecting, reviewing, analyzing, and  
disseminating information from filed annual  
statement convention blanks.
- (b) Subsection (a) does not apply to a person  
who acts with malice.

No equivalent provision.

SECTION 2.02. Section 38.003(b),  
Insurance Code, is amended to read as  
follows:

(b) For purposes of this section, "insurer"  
means a reciprocal or interinsurance  
exchange, mutual insurance company, capital  
stock company, county mutual insurance  
company, Lloyd's plan, life, accident, or  
health or casualty insurance company, health  
maintenance organization, mutual life  
insurance company, mutual insurance  
company other than life, mutual, or natural  
premium life insurance company, [general]  
casualty company, fraternal benefit society,  
group hospital service company, or other  
legal entity engaged in the business of  
insurance in this state. The term includes an  
affiliate as described by Section 823.003(a) if

that affiliate is authorized to write and is writing insurance in this state.

No equivalent provision.

SECTION 2.03. Section 222.001(a), Insurance Code, is amended to read as follows:

(a) This chapter applies to any insurer, including a group hospital service corporation, any health maintenance organization, and any managed care organization that receives gross premiums or revenues subject to taxation under Section 222.002, including companies operating under Subchapter F, Chapter 822, or Chapter 841, 842, 843, [861,] 881, 882, 883, 884, 941, 942, 982, or 984, Insurance Code, Chapter 533, Government Code, or Title XIX of the federal Social Security Act.

No equivalent provision.

SECTION 2.04. Section 401.001(4), Insurance Code, is amended to read as follows:

(4) "Insurer" means an insurer authorized to engage in business in this state, including:

- (A) a life, health, or accident insurance company;
- (B) a fire and marine insurance company;
- (C) a [~~general~~] casualty company;
- (D) a title insurance company;
- (E) a fraternal benefit society;
- (F) a mutual life insurance company;
- (G) a local mutual aid association;
- (H) a statewide mutual assessment company;
- (I) a mutual insurance company other than a mutual life insurance company;
- (J) a farm mutual insurance company;
- (K) a county mutual insurance company;
- (L) a Lloyd's plan;
- (M) a reciprocal or interinsurance exchange;
- (N) a group hospital service corporation;
- (O) a stipulated premium company; and
- (P) a nonprofit legal services corporation.

No equivalent provision.

SECTION 2.05. Section 404.004, Insurance Code, is amended to read as follows:

Sec. 404.004. CONSTRUCTION WITH LAW RELATING TO CAPITAL AND SURPLUS. The commissioner's authority under Section 404.003 to require an increase in an insurer's capital and surplus by contribution, and any capital and surplus requirements imposed by the commissioner under that section, prevail over:

- (1) the capital and surplus requirements of:
  - (A) Sections 801.023, 801.024, 801.026,

~~822.201, 822.202 [822.054, 822.201-822.203], 822.205, 822.212 [822.210-822.212, 841.054], 841.201, [841.204, 841.205, 841.207,] 884.206, 884.308, and 884.309; and~~

(B) Subchapter G, Chapter 841;

(2) any other provision of this code or other law establishing capital and surplus requirements for insurers; and

(3) any rule adopted under a law described by Subdivision (1) or (2).

No equivalent provision.

SECTION 2.06. Section 404.053(a), Insurance Code, is amended to read as follows:

(a) The commissioner shall order an insurer to remedy an impairment of the insurer's surplus, aggregate surplus, or aggregate of guaranty fund and surplus, as applicable, by bringing the surplus to an acceptable level specified by the commissioner, or to cease engaging in business in this state, if the commissioner determines that:

(1) the surplus required by Section 801.023 ~~[822.054], 822.202, [822.203,] 822.205, [822.210, 822.211,] or 822.212~~ of a stock insurance company engaged in the kind of insurance business described by the company's certificate of authority:

(A) is impaired by more than 50 percent; or

(B) is less than the minimum level of surplus required by risk-based capital and surplus rules adopted by the commissioner; or

(2) the required aggregate of guaranty fund and surplus of a Lloyd's plan, or the required aggregate surplus of a reciprocal or interinsurance exchange or of a mutual company, other than a life insurance company, engaged in the kind of insurance business described by the insurer's certificate of authority:

(A) is impaired by more than 25 percent; or

(B) is less than the minimum level of surplus required by risk-based capital and surplus rules adopted by the commissioner.

No equivalent provision.

SECTION 2.07. Section 424.001(2), Insurance Code, is amended to read as follows:

(2) "Minimum capital and surplus" means the minimum amount of capital stock and minimum amount of surplus required of an insurer under Section 801.023 ~~[822.054 or 822.210]~~.

No equivalent provision.

SECTION 2.08. Section 424.056(a), Insurance Code, is amended to read as follows:

(a) Each insurer's board of directors, or, if the insurer does not have a board of directors, the corresponding authority designated by the insurer's charter, bylaws, or plan of operation, shall adopt a written investment plan consistent with the requirements of:

- (1) this chapter;
- (2) Sections 822.255 [~~822.204, 822.209, 861.258,~~] and 862.002; and
- (3) other statutes governing investments by the insurer.

No equivalent provision.

SECTION 2.09. Section 424.058, Insurance Code, is amended to read as follows:

Sec. 424.058. AUTHORIZED INVESTMENTS: FORM OF MINIMUM CAPITAL AND SURPLUS. An insurer may invest the insurer's funds in excess of minimum capital and surplus in any manner authorized by Subchapter A-1, Chapter 801, [~~Section 822.204~~] for investment of the insurer's minimum capital and surplus.

No equivalent provision.

SECTION 2.10. Section 443.003, Insurance Code, is amended to read as follows:

Sec. 443.003. COVERED PERSONS. The provisions of this chapter apply to all:

- (1) insurers who are doing or have done an insurance business in this state and against whom claims arising from that business may exist now or in the future and to all persons subject to examination by the commissioner;
- (2) insurers who purport to do an insurance business in this state;
- (3) insurers who have insureds resident in this state;
- (4) other persons organized or doing insurance business, or in the process of organizing with the intent to do insurance business in this state;
- (5) nonprofit health corporations and all fraternal benefit societies subject to Chapters 844 and 885, respectively;
- (6) title insurance companies subject to Title 11;
- (7) health maintenance organizations subject to Chapter 843; and
- (8) surety and trust companies subject to Chapter 7, [~~general~~] casualty companies subject to Subchapter F, Chapter 822 [~~861~~], statewide mutual assessment companies subject to Chapter 881, mutual insurance

companies subject to Chapter 882 or 883, local mutual aid associations subject to Chapter 886, burial associations subject to Chapter 888, farm mutual insurance companies subject to Chapter 911, county mutual insurance companies subject to Chapter 912, Lloyd's plans subject to Chapter 941, reciprocal or interinsurance exchanges subject to Chapter 942, and fidelity, guaranty, and surety companies.

No equivalent provision.

SECTION 2.11. Section 443.004(a)(13), Insurance Code, is amended to read as follows:

(13) "Insolvency" or "insolvent" means an insurer:

(A) is unable to pay its obligations when they are due;

(B) does not have admitted assets at least equal to all its liabilities; or

(C) has a total adjusted capital that is less than that required under:

(i) Chapter 801 [~~822~~], 841, or 843, as applicable; or

(ii) applicable rules or guidelines adopted by the commissioner under Section 801.024 [~~822.210, 841.205,~~] or 843.404.

No equivalent provision.

SECTION 2.12. Section 464.052(b), Insurance Code, is amended to read as follows:

(b) The commissioner may identify collected penalties to be deposited into the fund account from:

(1) administrative penalties assessed by the commissioner for violations of Chapter 101 or penalties under Section 822.257 [~~861.702~~], including amounts collected through state warrant holds;

(2) civil penalties assessed under Chapter 101 when the commissioner is the party requesting penalties;

(3) administrative penalties assessed by the commissioner against a person holding a certificate of authority, license, registration, or other authorization to engage in the business of insurance that is issued or recognized by the commissioner for engaging in conduct outside the scope of the person's certificate, license, registration, or authorization;

(4) administrative penalties assessed by the commissioner against a person holding a certificate of authority, license, registration, or authorization issued or recognized by the

commissioner for using unapproved forms, rates, or advertisements if the forms, rates, or advertisements are required to be approved by the commissioner before being used in this state; and

(5) forfeitures of bonds issued under Section 101.353 or 101.354.

No equivalent provision.

SECTION 2.13. Section 541.082(a), Insurance Code, is amended to read as follows:

(a) In this section, "insurer" includes:

- (1) a life insurance company;
- (2) a health insurance company;
- (3) an accident insurance company;
- (4) a ~~general~~ casualty company;
- (5) a mutual life insurance company or other mutual insurance company;
- (6) a mutual or natural premium life insurance company;
- (7) a Lloyd's plan;
- (8) a county mutual insurance company;
- (9) a farm mutual insurance company;
- (10) a reciprocal or interinsurance exchange;
- (11) a fraternal benefit society;
- (12) a local mutual aid association;
- (13) a health maintenance organization;
- (14) a group hospital service corporation; or
- (15) a multiple employer welfare arrangement that holds a certificate of coverage under Chapter 846.

No equivalent provision.

SECTION 2.14. Section 544.101(1), Insurance Code, is amended to read as follows:

(1) "Health benefit plan issuer" means an insurance company, association, organization, group hospital service corporation, or health maintenance organization that delivers or issues for delivery an individual, group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, or an evidence of coverage that provides health insurance or health care benefits. The term includes:

- (A) a life, health, and accident insurance company operating under Chapter 841 or 982;
- (B) a ~~general~~ casualty insurance company operating under Subchapter F, Chapter 822 ~~[861]~~;
- (C) a fraternal benefit society operating under Chapter 885;
- (D) a mutual life insurance company

- operating under Chapter 882;
- (E) a local mutual aid association operating under Chapter 886;
- (F) a statewide mutual assessment company operating under Chapter 881;
- (G) a mutual assessment company or mutual assessment life, health, and accident association operating under Chapter 887;
- (H) a mutual insurance company operating under Chapter 883 that writes coverage other than life insurance;
- (I) a Lloyd's plan operating under Chapter 941;
- (J) a reciprocal exchange operating under Chapter 942; and
- (K) a stipulated premium company operating under Chapter 884.

No equivalent provision.

SECTION 2.15. Section 803.001(1), Insurance Code, is amended to read as follows:

(1) "Domestic company" means any entity licensed, chartered, or organized under this code, including:

- (A) a county mutual insurance company;
- (B) a farm mutual insurance company;
- (C) a fire and marine insurance company;
- (D) a fraternal benefit society;
- (E) a ~~general~~ casualty company;
- (F) a group hospital service corporation;
- (G) a health maintenance organization;
- (H) a life, health, and accident insurance company;
- (I) a Lloyd's plan;
- (J) a local mutual aid association;
- (K) a mutual life insurance company;
- (L) a mutual insurance company other than a mutual life insurance company;
- (M) a nonprofit legal services corporation;
- (N) a reciprocal exchange;
- (O) a statewide mutual assessment company;
- (P) a stipulated premium insurance company;
- (Q) a surety and trust company; and
- (R) a title insurance company.

No equivalent provision.

SECTION 2.16. Section 826.203, Insurance Code, is amended to read as follows:

Sec. 826.203. APPLICABILITY OF CERTAIN LAWS; INCORPORATION. A mutual holding company that results from the reorganization of a domestic mutual insurance company operating ~~organized~~ under Chapter 883 must be organized under Chapter 801 ~~[Sections 883.051, 883.052,~~

~~883.054, and 883.056~~]. The articles of incorporation, and any amendments to those articles, of the mutual holding company are subject to approval of the commissioner in the same manner as those of a mutual insurance company.

No equivalent provision.

SECTION 2.17. Section 829.004(d), Insurance Code, is amended to read as follows:

(d) A mutual holding company that results from a reorganization of an exchange must be organized under Chapter 801 [~~Sections 883.051, 883.052, 883.054, and 883.056~~]. The articles of incorporation of the mutual holding company, and any amendments to those articles, are subject to approval of the commissioner in the same manner as those of a mutual insurance company.

No equivalent provision.

SECTION 2.18. Sections 841.301(a) and (c), Insurance Code, are amended to read as follows:

(a) A domestic insurance company may not assume liability on or indemnify one person for any risk under one or more accident, health, or hospitalization insurance policies, or a combination of those policies, in an amount that exceeds \$10,000, unless the amount of the issued, outstanding, and stated capital of the company is at least equal to the minimum amount of capital required for a newly incorporated company under Section 801.023 [~~841.054~~].

(c) A domestic insurance company that is exempt under Subsection (b) shall maintain its issued, outstanding, and stated capital in an amount that is at least \$100,000 and is at least:

(1) the amount of capital held by the company on December 31, 1991, plus 10 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is during 1993;

(2) the amount of capital held by the company on December 31, 1991, plus 20 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company



writes a policy described by Subsection (a) is during 1994;

(3) the amount of capital held by the company on December 31, 1991, plus 30 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is during 1995;

(4) the amount of capital held by the company on December 31, 1991, plus 40 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is during 1996;

(5) the amount of capital held by the company on December 31, 1991, plus 50 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is during 1997;

(6) the amount of capital held by the company on December 31, 1991, plus 60 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is during 1998;

(7) the amount of capital held by the company on December 31, 1991, plus 70 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is during 1999;

(8) the amount of capital held by the company on December 31, 1991, plus 80 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is

during 2000; and

(9) the amount of capital held by the company on December 31, 1991, plus 90 percent of the difference between that amount and an amount equal to the minimum amount of capital required for a newly incorporated company under former Section 841.054, if the last date that the company writes a policy described by Subsection (a) is during 2001.

No equivalent provision.

SECTION 2.19. Sections 843.155(c) and (d), Insurance Code, are amended to read as follows:

(c) Sections 36.108 and 201.055 and Chapter 802 apply to the annual and quarterly reports [~~report~~] of a health maintenance organization.

(d) The annual and quarterly reports [~~report~~] filed by the health maintenance organization shall be made publicly available on the department's Internet website in a user-friendly format that allows consumers to make direct comparisons of the financial and other data reported by health maintenance organizations under this section.

No equivalent provision.

SECTION 2.20. Section 862.002(e), Insurance Code, is amended to read as follows:

(e) Section 822.255 [~~861.258~~] applies to real property acquired under Subsection (c)(1), (2), or (3).

No equivalent provision.

SECTION 2.21. Section 862.151, Insurance Code, is amended to read as follows:

Sec. 862.151. REDUCTION OF CAPITAL STOCK AND PAR VALUE OF SHARES.

(a) If the minimum surplus of a fire, marine, or inland marine insurance company is impaired in excess of the amount permitted under Subchapter B, Chapter 404, the commissioner may allow the company to amend its charter [~~as provided by Sections 822.157 and 822.158~~] to reduce the amount of the company's capital stock and the par value of its shares in proportion to the extent of the permitted amount of impairment.

(b) A company acting under Subsection (a):

(1) [~~may not reduce the par value of its shares below the sum computed under Section 822.055;~~

(2) [~~(2)~~] may not deduct from the assets and property on hand more than \$125,000;

(2) [~~(3)~~] shall retain the remainder of the

assets and property on hand as surplus assets;  
(3) [(4)] may not distribute any of the assets or property to the shareholders; and  
(4) [(5)] may not reduce the capital stock or surplus of the company to an amount less than the minimum capital and the minimum surplus required by Section [Sections] 822.202, [822.210, and 822.211,] subject to Subchapter B, Chapter 404.

No equivalent provision.

SECTION 2.22. Section 862.152(b), Insurance Code, is amended to read as follows:

(b) The company shall promptly call on its shareholders for an amount necessary to make the company's capital and surplus equal to the amount required by Section 801.023 [Sections 822.054 and 822.210], subject to Subchapter B, Chapter 404.

No equivalent provision.

SECTION 2.23. Section 862.153(a), Insurance Code, is amended to read as follows:

(a) If a shareholder of the insurance company who is given notice under Section 862.152 does not pay the amount called for by the company under that section, the company may:

(1) require the return of the original certificate of stock held by the shareholder; and

(2) issue a new certificate for a number of shares that the shareholder may be entitled to in the proportion that the value of the funds of the company, computed without inclusion of any money or other property paid by shareholders in response to the notice under Section 862.152, bears to the total amount of the original capital and the minimum surplus of the company required by Section 801.023 [822.054 or 822.210], subject to Subchapter B, Chapter 404.

No equivalent provision.

SECTION 2.24. Section 862.154, Insurance Code, is amended to read as follows:

Sec. 862.154. CREATION AND DISPOSAL OF NEW STOCK. (a) A fire, marine, or inland marine insurance company that complies with Section 801.037 [Sections 822.155, 822.157, and 822.158] may:

(1) create new stock;

(2) dispose of the new stock according to applicable law; and

(3) issue new certificates for the new stock.

(b) The insurance company shall sell any

new stock created under Subsection (a) for an amount sufficient to make up any impairment of the company's required minimum capital and to make up the surplus of the company as required by Section 801.023 [~~822.054 or 822.210~~], subject to Subchapter B, Chapter 404, but may not impair the capital of the company.

No equivalent provision.

SECTION 2.25. Section 882.201, Insurance Code, is amended to read as follows:

Sec. 882.201. APPLICABILITY OF SUBCHAPTER. This subchapter does not apply to a mutual life insurance company organized under this chapter that has a surplus of at least the minimum amount of capital and surplus required of a capital stock company under Sections 801.023, 801.024 [~~841.054, 841.204, 841.205~~], 841.301, and 841.302.

No equivalent provision.

SECTION 2.26. Section 882.301(a), Insurance Code, is amended to read as follows:

(a) A mutual life insurance company that engages in the business of insurance in this state shall maintain an unencumbered surplus of at least \$100,000 that consists of cash or classes of investment authorized by Section 801.023 [~~as provided by Section 882.055~~].

No equivalent provision.

SECTION 2.27. Section 882.451, Insurance Code, is amended to read as follows:

Sec. 882.451. APPLICABILITY OF CERTAIN PROVISIONS. Sections 882.452, 882.453, and 882.454 do not apply to a mutual life insurance company organized under this chapter that has a surplus of at least the minimum amount of capital and surplus required of a capital stock company under Sections 801.023, 801.024 [~~841.054, 841.204, 841.205~~], 841.301, and 841.302.

No equivalent provision.

SECTION 2.28. Section 882.556(c), Insurance Code, is amended to read as follows:

(c) At a meeting under Subsection (a), each policyholder[ ~~is~~]:  
[~~(1) is entitled to the number of votes as provided by Section 882.155; and~~  
[~~(2)~~] may vote:  
(1) [~~(A)~~] in person;  
(2) [~~(B)~~] by written proxy; or  
(3) [~~(C)~~] by mailed ballot.

No equivalent provision.

SECTION 2.29. Section 882.701, Insurance Code, is amended to read as follows:  
Sec. 882.701. APPLICABILITY OF SUBCHAPTER. This subchapter does not apply to a mutual life insurance company organized under this chapter that has a surplus of at least the minimum amount of capital and surplus required of a capital stock company under Sections 801.023, 801.024 [~~841.054, 841.204, 841.205~~], 841.301, and 841.302.

No equivalent provision.

SECTION 2.30. Section 884.002(c), Insurance Code, is amended to read as follows:

(c) The following provisions of this code apply to a stipulated premium company:

- (1) Article 21.47;
- (2) Section 38.001;
- (3) Chapter 86;
- (4) Subchapter A, Chapter 401;
- (5) Sections 401.051, 401.052, 401.054-401.062, 401.151, 401.152, 401.155, and 401.156;
- (6) Sections 403.001, 403.052, and 403.102;
- (7) Subchapter A, Chapter 404;
- (8) Section 421.001;
- (9) Subchapter D, Chapter 425;
- (10) Chapter 443;
- (11) Chapter 492, other than Sections 492.051(b) and (c);
- (12) Chapter 541;
- (13) Sections 801.001 and 801.002 [~~801.001-801.002~~];
- (14) Sections 801.052-801.055 [~~801.051-801.055~~];
- (15) Section 801.057;
- (16) Sections 801.101-801.102;
- (17) Subchapter A, Chapter 821;
- (18) Chapter 824;
- (19) Chapter 828;
- (20) Section 841.251;
- (21) Section 841.259;
- (22) Section 841.261;
- (23) Section 841.703; and
- (24) Chapter 4152.

No equivalent provision.

SECTION 2.31. Section 884.402, Insurance Code, is amended to read as follows:

Sec. 884.402. ADDITIONAL COVERAGE. A stipulated premium company that, at the time it begins to issue coverages under this subchapter, possesses the amounts of capital and unencumbered surplus equal to or greater than the corresponding amounts required for

organization of a life and health company under Sections 801.023, 801.024 [~~841.052, 841.054, 841.204, 841.205~~], 841.301, and 841.302 may, subject to Section 884.403:

(1) issue any kind of life insurance coverage authorized by Chapter 3, 841, or 1701 or Title 7;

(2) issue any kind of health or accident insurance coverage authorized by:

(A) Title 7;

(B) Chapter 3, 704, 841, 846, 982, 1201, 1202, 1203, 1210, 1251, 1252, 1253, 1254, 1301, 1351, 1354, 1359, 1364, 1368, 1501, 1504, 1505, 1506, 1552, 1575, 1576, 1579, 1581, 1625, 1651, 1652, or 1701;

(C) Chapter 492, other than Sections 492.051(b) and (c);

(D) Subchapter B, Chapter 38, Subchapter D, Chapter 425, Subchapter A or F, Chapter 1204, Subchapter A, Chapter 1273, Subchapter A, B, or D, Chapter 1355, Subchapter A, Chapter 1366, Subchapter A, Chapter 1507;

(E) Section 1204.151, 1204.153, 1204.154, or 1451.051; or

(F) Chapter 177, Local Government Code; or

(3) issue life insurance coverage through policies without cash surrender values or nonforfeiture values and that exceed \$10,000 on one life.

No equivalent provision.

SECTION 2.32. Sections 885.453(c) and (d), Insurance Code, are amended to read as follows:

(c) If the fraternal benefit society is converting to a mutual life insurance company:

(1) the resolution authorizing the conversion must also state the amount of the unencumbered surplus;

(2) the amount and form of the unencumbered surplus must comply with Sections [~~882.055,~~] 882.301(a), 882.302, 882.304, and 882.404; and

(3) the conversion must comply with Chapter 801 [~~Sections 882.056(a) and (b), 882.057, 882.058, 882.059, and 882.101~~].

(d) If the fraternal benefit society is converting to an incorporated stock company:

(1) the resolution authorizing the conversion must also state:

(A) the amount of the surplus, the amount of capital stock authorized, and the number of

shares into which the capital stock is divided; and  
(B) the amount of capital stock to be immediately paid in;  
(2) the amounts and form of the surplus and capital must comply with Sections 801.023, 801.024 [~~841.054, 841.055, 841.056, 841.057, 841.204, 841.205~~], 841.301, and 841.302; and  
(3) the conversion must comply with Chapter 801 [~~Sections 841.058, 841.059(a)(1), 841.060, 841.061, 841.062, and 841.063~~].

No equivalent provision.

SECTION 2.33. Section 887.003(b), Insurance Code, is amended to read as follows:

(b) Except as provided by Section 887.004, this chapter applies to insurance companies and associations, whether incorporated or not:

(1) that issue policies or certificates of insurance on the lives of individuals on a mutual assessment plan or that provide health and accident benefits on a mutual assessment plan or whose funds are derived from assessments on certificate holders or members; and

(2) that are not governed by:

(A) Subchapter F, Chapter 882;

(B) Chapter 841, [~~861,~~] 882, 883, 885, 941, or 942; or

(C) [~~(B)~~] Chapter 5, Title 78, Revised Statutes, as provided by Section 18, Chapter 40, Acts of the 41st Legislature, 1st Called Session, 1929, as amended by Section 1, Chapter 60, General Laws, Acts of the 41st Legislature, 2nd Called Session, 1929.

No equivalent provision.

SECTION 2.34. Section 887.504, Insurance Code, is amended to read as follows:

Sec. 887.504. AMENDMENT OF CHARTER OR ARTICLES OF ASSOCIATION REQUIRED. On authorization under Section 887.503, the board of directors and officers of the association shall amend the association's charter or articles of association to comply with Chapter 801 as applicable to a stock legal reserve life insurance company [~~Sections 841.051, 841.052, and 841.053~~].

No equivalent provision.

SECTION 2.35. Section 911.001(c), Insurance Code, is amended to read as follows:

(c) Except to the extent of any conflict with this chapter, the following provisions apply to a farm mutual insurance company:

- (1) Subchapter A, Chapter 32;
- (2) Subchapter D, Chapter 36;
- (3) Sections 31.002(2), 32.021(c), 32.023, 32.041, 33.002, 38.001, 81.001-81.004, 201.005, 201.055, 401.051, 401.052, 401.054-401.062, 401.103-401.106, 401.151, 401.152, 401.155, 401.156, 421.001, 801.052-801.055 [~~801.051-801.055~~], 801.057, 801.101, 801.102, [~~822.204~~], 841.004, 841.251, 841.252, 862.101, 1806.001, 1806.101, 1806.103(b), and 1806.104-1806.107;
- (4) Chapter 86;
- (5) Subchapter A, Chapter 401;
- (6) Subchapter B, Chapter 404;
- (7) Chapter 422;
- (8) Subchapter B, Chapter 424, other than Section 424.052, 424.072, or 424.073;
- (9) Chapter 441;
- (10) Chapter 443;
- (11) Chapter 462;
- (12) Chapter 481;
- (13) Chapter 541;
- (14) Chapter 802;
- (15) Subchapter A, Chapter 805;
- (16) Chapter 824; and
- (17) Article 1.09-1.

No equivalent provision.

SECTION 2.36. Section 911.101, Insurance Code, is amended to read as follows:

Sec. 911.101. AUTHORITY TO ENGAGE IN BUSINESS. Except to the extent of any conflict with this chapter, a farm mutual insurance company must hold a certificate of authority under Chapter 801 [~~Section 801.051~~] to engage in the business of insurance in this state under this chapter.

No equivalent provision.

SECTION 2.37. Section 911.308(c), Insurance Code, is amended to read as follows:

(c) A company described by Subsection (b) shall invest the minimum unencumbered surplus as provided by Subchapter A-1, Chapter 801 [~~Section 822.204~~]. The company may invest funds in excess of the minimum unencumbered surplus as provided by the provisions of Subchapter B, Chapter 424, other than Sections 424.052, 424.072, and 424.073.

No equivalent provision.

SECTION 2.38. Section 912.002(b),



Insurance Code, is amended to read as follows:

(b) A county mutual insurance company is subject to:

- (1) Sections 38.001, 401.051, 401.052, 401.054-401.062, 401.151, 401.152, 401.155, 401.156, 501.159, 501.202, 501.203, [~~822.204,~~] 1806.001, 1806.101, 1806.103(b), 1806.104-1806.107, 2002.002, and 2002.005;
- (2) Subchapter A, Chapter 86;
- (3) Subchapter A, Chapter 401;
- (4) the provisions of Subchapter B, Chapter 424, other than Sections 424.052, 424.072, and 424.073;
- (5) Chapters 221, 251, 252, 254, 541, and 2210; and
- (6) Articles 5.39 and 5.40.

No equivalent provision.

SECTION 2.39. Section 912.308, Insurance Code, is amended to read as follows:

Sec. 912.308. AMOUNT AND INVESTMENT OF SURPLUS. (a) A county mutual insurance company shall maintain an unencumbered surplus which may be invested only as provided by Subchapter A-1, Chapter 801 [~~in items listed in Section 822.204~~]. The unencumbered surplus must be at least:

- (1) \$25,000, if the company is organized to write insurance coverage locally in only the county of its domicile;
  - (2) \$50,000, if the company is organized to write insurance coverage in only the county of its domicile and any adjacent county; or
  - (3) an amount equal to the aggregate of the minimum capital and minimum surplus required under Sections 801.023 and [822.054,] 822.202 [~~, 822.210, and 822.211,~~] for a fire insurance company if the county mutual insurance company is organized to write insurance coverage statewide.
- (b) Except as provided by Section 912.056, a county mutual insurance company is subject to Subchapter B, Chapter 404, and Section [Sections 822.203, 822.210, and] 822.212.

No equivalent provision.

SECTION 2.40. Sections 941.003(b) and (d), Insurance Code, are amended to read as follows:

(b) A Lloyd's plan is subject to:

- (1) Subchapter A, Chapter 5, Chapter 254, Subchapters A and B, Chapter 1806, and Subtitle C, Title 10;
- (2) Articles 5.35, 5.39, and 5.40;

(3) Article 5.13-2, as provided by that article, Chapter 2251, as provided by that chapter, and Chapter 2301, as provided by that chapter;

(4) Chapters 251, 252, 402, 541, and 2253;

(5) Subchapter A, Chapter 401;

(6) Subchapter B, Chapter 404;

(7) Subchapter C, Chapter 1806; and

(8) Sections 38.001, 501.159, ~~[822.203,]~~ 822.205, ~~[822.210,]~~ 822.212, 2002.005, 2002.051, and 2002.052.

(d) Underwriters and their attorney in fact are subject to Sections 801.021, 801.031, 801.032 ~~[822.051, 822.057, 822.058, 822.059, 822.060]~~, and 822.201, except that:

(1) the articles of agreement executed by the underwriters are instead of the articles of incorporation; and

(2) the aggregate of the guaranty fund and unencumbered surplus of the Lloyd's plan constitutes capital structure for purposes of Section 801.032 ~~[822.060]~~.

No equivalent provision.

SECTION 2.41. Section 941.103, Insurance Code, is amended to read as follows:

Sec. 941.103. ISSUANCE OF CERTIFICATE OF AUTHORITY. On determination by the department that the underwriters and attorney in fact have complied with the law, the department shall, in accordance with Sections 801.001, 801.002, 801.052-801.055 ~~[801.051-801.055]~~, 801.057, and 801.101, issue a certificate of authority to the attorney in fact.

No equivalent provision.

SECTION 2.42. Section 941.204(a), Insurance Code, is amended to read as follows:

(a) The minimum guaranty fund and surplus required of a Lloyd's plan under Sections 801.023 ~~[822.054]~~, 822.202, ~~[822.210, 822.211,]~~ and 941.201 must be:

(1) in cash; or

(2) invested as provided by the[:

~~[(A) Section 822.204; or~~

~~[(B) any other]~~ law governing the investment of the capital stock and minimum surplus of a capital stock insurance company engaged in the same kind of business.

No equivalent provision.

SECTION 2.43. Section 941.353, Insurance Code, is amended to read as follows:

Sec. 941.353. REQUIREMENTS OF CONVERSION PLAN. The conversion plan

must provide that a capital stock insurance company will be formed in accordance with Chapter 822, except that:

- (1) the company's required minimum capital and surplus must equal the required minimum guaranty fund and surplus of the Lloyd's plan;
- (2) the company's assets may be in cash or in the form of an investment lawfully held by the Lloyd's plan; and
- (3) an original examination [~~under Section 822.058(b)~~] is not required unless directed by the commissioner.

No equivalent provision.

SECTION 2.44. Sections 942.003(b) and (e), Insurance Code, are amended to read as follows:

(b) An exchange is subject to:

- (1) Subchapter A, Chapter 5, Chapter 254, Subchapters A and B, Chapter 1806, and Subtitle C, Title 10;
- (2) Articles 5.35, 5.39, and 5.40;
- (3) Article 5.13-2, as provided by that article, Chapter 2251, as provided by that chapter, and Chapter 2301, as provided by that chapter;
- (4) Chapters 402, 541, and 2253;
- (5) Subchapter A, Chapter 401, and Sections 401.051, 401.052, 401.054-401.062 [~~401.054, 401.055, 401.056, 401.057, 401.058, 401.059, 401.060, 401.061, 401.062~~], 401.151, 401.152, 401.155, and 401.156;
- (6) Subchapter B, Chapter 404;
- (7) Subchapter C, Chapter 1806; and
- (8) Sections 38.001, 501.159, [~~822.203,~~] 822.205, [~~822.210,~~] 822.212, 822.254 [~~861.254(a) (f), 861.255,~~] 862.001(b), 862.003, 2002.002, 2002.005, 2002.051, and 2002.052.

(e) Subscribers and their attorney in fact are subject to Sections 801.021, 801.031, 801.032 [~~822.051, 822.057-822.060~~], and 822.201, except that:

- (1) the declaration of the subscribers prescribed by Section 942.053 replaces the articles of incorporation; and
- (2) the unencumbered surplus of the exchange constitutes capital structure for purposes of Section 801.032 [~~822.060~~].

No equivalent provision.

SECTION 2.45. Section 942.052(d), Insurance Code, is amended to read as follows:

(d) Instead of a bond, an attorney in fact may

deposit with the appropriate official of the exchange's state of domicile cash or securities of the kind in which a [general] casualty company is authorized to invest its funds. The deposit must be made in the same amount, and must be conditioned, approved, and payable in the same manner, as a bond required under this section.

No equivalent provision.

SECTION 2.46. Section 942.053(b), Insurance Code, is amended to read as follows:

(b) The declaration must include:

- (1) the name of the proposed exchange;
- (2) the kinds of insurance to be provided under the reciprocal or interinsurance contract;
- (3) a copy of the form of the power of attorney or other authorization of the attorney in fact under which the insurance is to be provided;
- (4) the location of each office from which the reciprocal or interinsurance contracts are to be issued; and
- (5) any other information prescribed by the department[, ~~including an affidavit comparable to the affidavit prescribed by Section 822.057(a)(3)~~].

No equivalent provision.

SECTION 2.47. Section 942.101(a), Insurance Code, is amended to read as follows:

(a) An attorney in fact must hold a certificate of authority issued by the department under Sections 801.001, 801.002, 801.052-801.055 [~~801.051-801.055~~], 801.057, 801.101, and 801.102. A certificate of authority obtained in accordance with this section authorizes the attorney in fact named in the certificate to exercise all powers and perform all duties of an attorney in fact.

No equivalent provision.

SECTION 2.48. Section 942.155(c), Insurance Code, is amended to read as follows:

(c) An exchange shall maintain the required assets as to:

- (1) minimum surplus requirements[, ~~as provided by Section 822.204~~]; and
- (2) other funds, as provided by the provisions of Subchapter B, Chapter 424, other than Sections 424.052, 424.072, and 424.073.

No equivalent provision.

SECTION 2.49. Section 961.002(b),

Insurance Code, is amended to read as follows:

(b) The following provisions of this code apply to a nonprofit legal services corporation in the same manner that they apply to an insurer or a person engaged in the business of insurance, to the extent the provisions do not conflict with this chapter:

- (1) Articles 1.09-1 and 21.47;
- (2) Sections 31.002, 31.004, 31.007, 31.021, 31.022, 31.023, 31.026, 31.027, 32.021, 32.022(a), 32.023, 33.002, 33.006, 36.108, 38.001, 81.004, 201.005, 201.055, 401.051, 401.052, 401.054-401.062, 401.103-401.106, 401.151, 401.152, 401.155, 401.156, 801.001, 801.002, 801.052-801.055 [~~801.051-801.055~~], 801.057, 801.101, 801.102, 841.251, and 841.252;
- (3) Subchapter B, Chapter 31;
- (4) Subchapters A and C, Chapter 32;
- (5) Subchapter D, Chapter 36;
- (6) Subchapter A, Chapter 401;
- (7) Subchapter A, Chapter 542;
- (8) Subchapter A, Chapter 805; and
- (9) Chapters 86, 402, 441, 443, 481, 541, 802, and 824.

No equivalent provision.

SECTION 2.50. Section 962.004, Insurance Code, is amended to read as follows:

Sec. 962.004. APPLICABILITY OF OTHER LAW. An insurer operating under this chapter is subject to the following provisions, if not in conflict with this chapter:

- (1) the other chapters of this code, including:
  - (A) Chapter 221;
  - (B) Chapter 281, other than any minimum capital and surplus requirements specified in that chapter;
  - (C) Chapter 822, including Sections [~~822.203;~~] 822.205[~~;~~822.210;] and 822.212; and
  - (D) [~~Chapter 861; and~~ [~~E~~] Chapter 402; and
- (2) Section 171.0525, Tax Code.

No equivalent provision.

SECTION 2.51. Section 962.054, Insurance Code, is amended to read as follows:

Sec. 962.054. INSURERS NOT MEETING CERTAIN REQUIREMENTS. To write the insurance coverages authorized by Section 962.101, a domestic or foreign insurer that does not meet the requirements of Sections 962.051 and 962.052 must comply with Chapter [~~Chapters~~] 822 [~~and 861~~].

No equivalent provision.

SECTION 2.52. Section 962.055, Insurance Code, is amended to read as follows:  
Sec. 962.055. CAPITAL AND SURPLUS REQUIREMENTS. A domestic or foreign insurer operating under this chapter shall maintain the minimum capital and surplus required by Section [~~Sections~~] 801.023 [~~822.054, 822.210, and 822.211~~].

No equivalent provision.

SECTION 2.53. Section 982.251, Insurance Code, is amended to read as follows:  
Sec. 982.251. TRUSTEED SURPLUS OF ALIEN INSURANCE COMPANY. The total value of an alien insurance company's general state deposits and trustee assets less the total net amount of all the company's liabilities and reserves in the United States[, ~~as determined in accordance with Section 982.252,~~] is the company's trustee surplus in the United States.

No equivalent provision.

SECTION 2.54. Section 1102.001(2), Insurance Code, is amended to read as follows:  
(2) "Insurer" means any insurer, including a:  
(A) life, accident, health, or casualty insurance company;  
(B) mutual life insurance company;  
(C) mutual insurance company other than a life insurance company;  
(D) mutual or natural premium life insurance company;  
(E) [~~general~~] casualty company;  
(F) Lloyd's plan or a reciprocal or interinsurance exchange;  
(G) fraternal benefit society; or  
(H) group hospital service corporation.

No equivalent provision.

SECTION 2.55. Section 1132.001(a), Insurance Code, is amended to read as follows:  
(a) In this section, "insurer" means:  
(1) a life insurance company;  
(2) an accident insurance company;  
(3) a [~~general~~] casualty [~~insurance~~] company;  
(4) a mutual life insurance company;  
(5) a mutual or natural premium life insurance company;  
(6) a fraternal benefit society; or  
(7) a local mutual aid association.

No equivalent provision.

SECTION 2.56. Section 1152.107(b), Insurance Code, is amended to read as follows:

- (b) The company shall file the statement:
- (1) on a form prescribed or approved by the department; and
  - (2) simultaneously with the annual statement required by Chapter 802 [~~Sections 841.255 and 882.003~~].

No equivalent provision.

SECTION 2.57. Section 1201.003(b), Insurance Code, is amended to read as follows:

(b) Except as otherwise provided by this chapter, this chapter applies only to an individual accident and health insurance policy delivered or issued for delivery by:

- (1) a life, health, and accident insurance company;
- (2) a mutual insurance company, including:
  - (A) a mutual life insurance company; and
  - (B) a mutual assessment life insurance company;
- (3) a local mutual aid association;
- (4) a mutual or natural premium life or casualty insurance company;
- (5) a ~~general~~ casualty company;
- (6) a Lloyd's plan;
- (7) a reciprocal or interinsurance exchange;
- (8) a nonprofit hospital, medical, or dental service corporation, including a corporation operating under Chapter 842; or
- (9) another insurer required by law to be authorized by the department.

No equivalent provision.

SECTION 2.58. Section 1204.051(6), Insurance Code, is amended to read as follows:

(6) "Insurer" means an insurance company, association, or organization authorized to engage in business in this state under Subchapter F, Chapter 822, or Chapter 841, [861,] 881, 882, 883, 884, 885, 886, 887, 888, 941, 942, or 982.

No equivalent provision.

SECTION 2.59. Section 1254.001(a), Insurance Code, is amended to read as follows:

- (a) In this section, "insurer" means:
- (1) a life insurance company;
  - (2) a health insurance company;
  - (3) an accident insurance company;
  - (4) a ~~general~~ casualty company;
  - (5) a mutual life insurance company or other mutual insurance company;
  - (6) a mutual or natural premium life insurance company;
  - (7) a Lloyd's plan;

- (8) a reciprocal or interinsurance exchange;
- (9) a fraternal benefit society;
- (10) a local mutual aid association; or
- (11) a group hospital service corporation.

No equivalent provision.

SECTION 2.60. Section 1273.001(3), Insurance Code, is amended to read as follows:

(3) "Insurer" means an insurance company, association, or organization authorized to engage in business in this state under Subchapter F, Chapter 822, or Chapter 841, 842, [861,] 881, 882, 883, 884, 885, 886, 887, 888, 941, 942, or 982.

No equivalent provision.

SECTION 2.61. Section 1451.102, Insurance Code, is amended to read as follows:

Sec. 1451.102. **APPLICABILITY OF SUBCHAPTER.** Except as provided by this subchapter, this subchapter applies only to an individual, group, blanket, or franchise insurance policy, insurance agreement, or group hospital service contract that provides health benefits, accident benefits, or health and accident benefits for medical or surgical expenses incurred as a result of an accident or sickness and that is delivered, issued for delivery, or renewed in this state by any incorporated or unincorporated insurance company, association, or organization, including:

- (1) a fraternal benefit society operating under Chapter 885;
- (2) a [~~general~~] casualty company operating under Subchapter F, Chapter 822 [861];
- (3) a life, health, and accident insurance company operating under Chapter 841 or 982;
- (4) a Lloyd's plan operating under Chapter 941;
- (5) a local mutual aid association operating under Chapter 886;
- (6) a mutual insurance company writing insurance other than life insurance operating under Chapter 883;
- (7) a mutual life insurance company operating under Chapter 882;
- (8) a reciprocal exchange operating under Chapter 942;
- (9) a statewide mutual assessment company, mutual assessment company, or mutual assessment life, health, and accident association operating under Chapter 881 or 887; and



(10) a stipulated premium company operating under Chapter 884.

No equivalent provision.

SECTION 2.62. Section 1651.001(b), Insurance Code, is amended to read as follows:

(b) This chapter applies only to a policy, certificate, or evidence of coverage that is issued by:

- (1) a capital stock insurance company, including a life, health and accident, or ~~general~~ casualty ~~insurance~~ company;
- (2) a mutual life insurance company;
- (3) a mutual assessment life insurance company, including a statewide mutual assessment corporation, local mutual aid association, and burial association;
- (4) a mutual or mutual assessment association, including an association subject to Section 887.101;
- (5) a mutual insurance company other than a life insurance company;
- (6) a mutual or natural premium life or casualty insurance company;
- (7) a fraternal benefit society;
- (8) a Lloyd's plan insurer;
- (9) a reciprocal or interinsurance exchange;
- (10) a nonprofit medical, hospital, or dental service corporation, including a company subject to Chapter 842;
- (11) a stipulated premium company;
- (12) a health maintenance organization under Chapter 843; or
- (13) another insurer required to be licensed by the department.

No equivalent provision.

SECTION 2.63. Section 1652.003, Insurance Code, is amended to read as follows:

Sec. 1652.003. APPLICABILITY OF CHAPTER. This chapter applies to an individual or group Medicare supplement benefit plan delivered or issued for delivery in this state and, regardless of the place where the plan was delivered or issued for delivery, a certificate that was issued under a group Medicare supplement benefit plan and delivered or issued for delivery in this state, if the plan or certificate is issued by:

- (1) a capital stock insurance company, including a life, health and accident, and ~~general~~ casualty ~~insurance~~ company;
- (2) a mutual life insurance company;
- (3) a mutual assessment life insurance company, including a statewide mutual

- assessment company, local mutual aid association, and burial association;
- (4) a mutual or mutual assessment association of any kind, including an association subject to Section 887.102;
- (5) a mutual insurance company other than a life insurance company;
- (6) a mutual or natural premium life or casualty insurance company;
- (7) a fraternal benefit society;
- (8) a Lloyd's plan;
- (9) a reciprocal or interinsurance exchange;
- (10) a nonprofit hospital, medical, or dental service corporation, including a corporation operating under Chapter 842;
- (11) a stipulated premium company;
- (12) another insurer that by law is required to be authorized by the department; or
- (13) a health maintenance organization operating under Chapter 843, to the extent required by federal law.

No equivalent provision.

SECTION 2.64. Section 1701.003(a), Insurance Code, is amended to read as follows:

- (a) Except as provided by Subsection (b), this chapter applies to any insurer that uses a document described by Section 1701.002 in this state, including:
  - (1) a life, accident, health, or casualty insurance company;
  - (2) a mutual life insurance company;
  - (3) a mutual insurance company other than a mutual life insurance company;
  - (4) a mutual or natural premium life insurance company;
  - (5) a ~~general~~ casualty company;
  - (6) a Lloyd's plan;
  - (7) a reciprocal or interinsurance exchange;
  - (8) a fraternal benefit society; and
  - (9) a group hospital service corporation.

No equivalent provision.

SECTION 2.65. Section 1701.057(c), Insurance Code, is amended to read as follows:

- (c) To enable the department to determine compliance with Subsection (b), the commissioner:
  - (1) shall require an insurer to file the rates charged by that insurer for individual accident and health insurance policies; and
  - (2) may adopt and require an insurer to file in conjunction with the annual statement required under Chapter 802 [~~Section 841.255, 982.101, or 982.103~~] a form for

reporting the insurer's experience on individual accident and health insurance policy forms issued by the insurer.

No equivalent provision.

SECTION 2.66. Section 2201.101, Insurance Code, is amended to read as follows:

Sec. 2201.101. ELIGIBILITY REQUIREMENTS. Except as otherwise provided by this chapter, a risk retention group that applies to be chartered in this state must:

- (1) be chartered and authorized to engage in the business of insurance under Chapter 822, ~~[861,]~~ 883, or 942; and
- (2) comply with all the laws, rules, and requirements, including Chapter 804, applicable to insurers authorized to engage in business under those chapters and with Subchapter D to the extent those requirements do not limit the laws, rules, or requirements of this state.

No equivalent provision.

SECTION 2.67. Section 2201.104(a), Insurance Code, is amended to read as follows:

- (a) In addition to all other fees imposed on an insurer chartered and authorized to engage in business under Chapter 822, ~~[861,]~~ 883, or 942, a risk retention group chartered in this state shall pay a filing fee in an amount not to exceed \$1,000 as set by rules adopted by the commissioner.

No equivalent provision.

SECTION 2.68. Section 2201.209(a), Insurance Code, is amended to read as follows:

- (a) A risk retention group that is authorized to engage in business in this state under Subchapter C or D and that violates this chapter is subject to all sanctions and penalties applicable to an insurer that holds a certificate of authority under Chapter ~~[Chapters]~~ 822 ~~[and—861]~~, including revocation of the authority to engage in business in this state.

No equivalent provision.

SECTION 2.69. Sections 2551.001(a) and (c), Insurance Code, are amended to read as follows:

- (a) Except as provided by Subsection (c) and unless the business of title insurance or title insurance companies are expressly mentioned, the provisions of this code other than this title do not apply to:

- (1) a corporation incorporated or engaging in business exclusively under this title; or
  - (2) any title insurance business engaged in by a corporation created under[~~;~~
    - ~~[(A)]~~ Subdivision 57, Article 1302, Revised Statutes, before repeal of that statute,~~;~~
    - ~~[(B)]~~ ~~Chapter 861;~~ or
    - ~~[(C)]~~ any other law.
- (c) To the extent applicable, the following provisions of this code apply to a title insurance company:
- (1) Articles 1.09-1 and 21.47;
  - (2) Subsection (b), Article 1.04D;
  - (3) Chapters 33, 82, 83, 84, 86, 102, 261, 281, 401, 402, 493, 494, 541, 547, 555, 701, 801, 802, 824, 828, 1805, and 2204;
  - (4) Chapter 31, other than Section 31.005;
  - (5) Chapter 32, other than Section 32.022(b);
  - (6) Chapter 36, other than Sections 36.003, 36.004, and 36.101-36.105 ~~[36.101-36.106];~~
  - (7) Subchapter A, Chapter 38;
  - (8) Subchapters A-G, Chapter 101;
  - (9) Chapter 982, other than Sections 982.003 and ~~[, 982.051, 982.101, 982.105, 982.106(b),]~~ 982.109~~[, and 982.113];~~ and
  - (10) Sections 37.052, 39.001, 39.002, 81.001, 81.002, 81.004, 201.004, 201.005, 201.051, 201.055, 403.001, 403.051, 403.101, 521.002-521.004, 801.021, 801.022(a)(1), (2), and (4), 801.031 except Subdivision (3), 801.032, 801.037, 801.053, 805.021, 822.001, [822.051, 822.052(1), (2), and (3), 822.053, 822.057, except Subsection (a)(4), 822.058, 822.059, 822.060, 822.155, 822.157, 822.158, except Subsection (a)(5),] 841.004, 841.251, 841.252(a)-(c), and 4001.103.

No equivalent provision.

SECTION 2.70. Section 2703.001(a), Insurance Code, is amended to read as follows:

- (a) This section applies to a corporation organized under this title, a foreign corporation, and, to the extent that the corporation is engaged in the business of title insurance, a corporation organized under another law, including[~~;~~
  - ~~[(1)]~~ Subdivision 57, Article 1302, Revised Statutes, before repeal of that statute,~~;~~ ~~and~~
  - ~~[(2)]~~ ~~Chapter 861~~.

No equivalent provision.

SECTION 2.71. Section 3502.152, Insurance Code, is amended to read as follows:

Sec. 3502.152. CAPITAL AND SURPLUS REQUIREMENTS. An insurer may not write mortgage guaranty insurance unless the insurer has the minimum capital and surplus required [~~by Chapter 861~~] for a [~~general~~] casualty company under Subchapter F, Chapter 822.

No equivalent provision.

SECTION 2.72. Section 3503.201, Insurance Code, is amended to read as follows:

Sec. 3503.201. MERGER OR CONSOLIDATION OF CERTAIN COMPANIES. When two or more companies authorized to write fidelity, guaranty, and surety insurance in this state merge or consolidate and, incident to the merger or consolidation, enter into a total reinsurance contract under which the merged or ceding company is dissolved and that company's assets are acquired and liabilities are assumed by the new or surviving company, the commissioner, on finding that the contracting companies have on deposit with the comptroller two or more deposits made for the same or similar purposes under former Article 7.03, repealed by Chapter 388, Acts of the 55th Legislature, Regular Session, 1957, [~~or~~] under former Section 861.252, or under Section 822.259 shall authorize the comptroller to:

- (1) retain for a single purpose only the deposit of the greatest amount and value; and
- (2) permit the new or surviving company, on proper showing that there is duplication of deposits and that the new or surviving company is the owner of those deposits, to withdraw a duplicate or excessive deposit.

No equivalent provision.

SECTION 2.73. Section 4001.009(a), Insurance Code, is amended to read as follows:

(a) As referenced in Section 4001.003(9), a reference to an agent in the following laws includes a subagent without regard to whether a subagent is specifically mentioned:

- (1) Chapters 281, 402, 421-423, 441, 444, 461-463, 541-556, 558, 559, 703, 705, 821, 823-825, 827, 828, 844, 963, 1108, 1205-1208, 1211, 1213, 1214, 1352, 1353, 1357, 1358, 1360-1363, 1369, 1453-1455, 1503, 1550, [~~1801,~~] 1803, 2151-2154, 2201-2203, 2205-2213, 3501, 3502, 4007, 4102, and 4201-4203;
- (2) Chapter 403, excluding Section 403.002;

- (3) Subchapter A, Chapter 491;
- (4) Subchapter C, Chapter 521;
- (5) Subchapter A, Chapter 557;
- (6) Subchapter B, Chapter 805;
- (7) Subchapters D, E, and F, Chapter 982;
- (8) Subchapter D, Chapter 1103;
- (9) Subchapters B, C, D, and E, Chapter 1204, excluding Sections 1204.153 and 1204.154;
- (10) Subchapter B, Chapter 1366;
- (11) Subchapters B, C, and D, Chapter 1367, excluding Section 1367.053(c);
- (12) Subchapters A, C, D, E, F, H, and I, Chapter 1451;
- (13) Subchapter B, Chapter 1452;
- (14) Sections 551.004, 841.303, 982.001, 982.002, [~~982.004, 982.052, 982.102, 982.103, 982.104, 982.106,~~] 982.107, 982.108, 982.110, 982.111, 982.112, and 1802.001; and
- (15) Chapter 107, Occupations Code.

No equivalent provision.

SECTION 2.74. Section 4007.001, Insurance Code, is amended to read as follows:

Sec. 4007.001. APPLICABILITY OF CHAPTER. This chapter applies only to an insurance company authorized to engage in the business of insurance in this state under:

- (1) a provision of:
  - (A) Subchapter F, Chapter 822;
  - (B) Chapter 5, 1805, or 2171; or
  - (C) [~~(B)~~] Subtitle B, C, D, E, F, H, or I, Title 10; or
- (2) Chapter [~~861,~~] 862, 883, 911, 912, 941, 942, 984, or 3503.

No equivalent provision.

SECTION 2.75. Section 1704.160(h), Occupations Code, is amended to read as follows:

(h) The certificate of authority to do business in this state issued [~~under Section 861.102, Insurance Code,~~] to an applicant that is a corporation is conclusive evidence of:

- (1) the sufficiency of the applicant's security; and
- (2) the applicant's solvency and credits.

No equivalent provision.

### ARTICLE 3. REPEALER

Except as highlighted, substantially the same as house substitute version. (See stricken sections above and SECTION 5 above that repeals Title 6, Chapter 861, in its entirety.)

SECTION 3.01. The following provisions of the Insurance Code are repealed:

- (1) **Section 36.106;**
- (2) **Section 492.053;**

- (3) Section 801.051;
- (4) the heading to Subchapter D, Chapter 801;
- (5) the heading to Subchapter A, Chapter 802;
- (6) the heading to Subchapter B, Chapter 802;
- (7) Section 802.051;
- (8) Section 822.003;
- (9) the heading to Subchapter B, Chapter 822;
- (10) Section 822.055;
- (11) Section 822.056;
- (12) Section 822.058;
- (13) Section 822.061;
- (14) Subchapter C, Chapter 822;
- (15) the heading to Subchapter D, Chapter 822;
- (16) Section 822.151;
- (17) Section 822.152;
- (18) Section 822.153;
- (19) Section 822.154;
- (20) Section 822.156;
- (21) Section 822.157;
- (22) Section 822.158;
- (23) Section 822.203;
- (24) Section 822.204;
- (25) Section 822.210;
- (26) Section 822.211;
- (27) the heading to Subchapter B, Chapter 841;
- (28) Section 841.051;
- (29) Section 841.052;
- (30) Section 841.053;
- (31) Section 841.055;
- (32) Section 841.056;
- (33) Section 841.057;
- (34) Section 841.058;
- (35) Section 841.059;
- (36) Section 841.061;
- (37) Section 841.062;
- (38) Section 841.063;
- (39) the heading to Subchapter C, Chapter 841;
- (40) Section 841.101;
- (41) Section 841.102;
- (42) Section 841.103;
- (43) Subchapter D, Chapter 841;
- (44) Section 841.202;
- (45) Section 841.203;
- (46) Section 841.204;
- (47) Section 841.255;
- (48) the heading to Chapter 861;
- (49) Subchapter A, Chapter 861;
- (50) Subchapter B, Chapter 861;

- (51) Subchapter C, Chapter 861;
- (52) the heading to Subchapter D, Chapter 861;
- (53) Section 861.151;
- (54) Section 861.152;
- (55) Section 861.153;
- (56) Section 861.155;
- (57) Subchapter E, Chapter 861;
- (58) the heading to Subchapter F, Chapter 861;
- (59) Section 861.253;
- (60) Section 861.254;
- (61) Section 861.256;
- (62) Section 861.257;
- (63) the heading to Subchapter O, Chapter 861;
- (64) Section 882.002;
- (65) Section 882.003;
- (66) Subchapter B, Chapter 882;
- (67) Subchapter C, Chapter 882;
- (68) Subchapter D, Chapter 882;
- (69) Subchapter B, Chapter 883;
- (70) Subchapter C, Chapter 883;
- (71) Section 883.151;
- (72) Section 883.201;
- (73) Section 883.202;
- (74) Section 883.204;
- (75) Subchapter O, Chapter 883;
- (76) Section 982.004;
- (77) Subchapter B, Chapter 982;
- (78) Section 982.101;
- (79) Section 982.102;
- (80) Section 982.103;
- (81) Section 982.104;
- (82) Section 982.105;
- (83) Section 982.106;
- (84) Section 982.113;
- (85) Section 982.252; and
- (86) Section 982.306.

No equivalent provision.

SECTION 9. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

#### ARTICLE 4. EFFECTIVE DATE

SECTION 4.01. Same as introduced version.