

By: Smithee

H.B. No. 2784

A BILL TO BE ENTITLED

AN ACT

relating to certain authorized investments under the Insurance Code.

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

SECTION 1. Section 424.064(b), Insurance Code, is amended to read as follows:

(b) An insurer with admitted assets of more than \$500 million may individually or in conjunction with other investors acquire, own, hold, develop, and improve real property that is essentially residential or commercial in character, even though the property is subject to an existing mortgage or the insurer subsequently mortgages the property. An investment in ~~[investment real property other than real property authorized by another provision of this code, or participations in that other investment]~~ real property is authorized [7] if the property is materially enhanced in value by:

(1) the construction of durable, permanent-type buildings and other improvements that cost an amount at least equal to the cost of the real property, excluding buildings and improvements at the time the property is acquired; or

(2) the construction, commenced before the second anniversary of the date the real property is acquired, of buildings and improvements described by Subdivision (1).

SECTION 2. Section 424.068, Insurance Code, is amended to

1 read as follows:

2 Sec. 424.068. AUTHORIZED INVESTMENTS: INVESTMENT IN
3 FOREIGN JURISDICTION. (a) In addition to the investments in Canada
4 authorized by Sections 424.051, 424.058-424.071, and 424.074 and
5 subject to this section, an insurer may make investments within
6 another [~~invest the insurer's funds in excess of minimum capital~~
7 ~~and surplus in an investment in a~~] foreign country or a
8 commonwealth, territory, or possession of the United States[~~, a~~
9 ~~foreign country other than Canada, or a foreign security~~
10 ~~originating in one of those commonwealths, territories,~~
11 ~~possessions, or countries, if:~~

12 [~~(1) the investment is similar to investments the~~
13 ~~insurer is authorized by Sections 424.051, 424.058-424.071, and~~
14 ~~424.074 to make within the United States or Canada, and~~

15 [~~(2) if a debt obligation, the investment is rated one~~
16 ~~or two by the securities valuation office].~~

17 (b) An investment made under this section must be
18 substantially the same type as an investment authorized to be made
19 within the United States or Canada by this subchapter. [~~The~~
20 ~~aggregate amount of an insurer's investments under Sections~~
21 ~~424.051, 424.058-424.071, and 424.074 in a single foreign~~
22 ~~jurisdiction may not exceed:~~

23 [~~(1) as to a foreign jurisdiction that is given a~~
24 ~~sovereign debt rating of one by the securities valuation office, 10~~
25 ~~percent of the insurer's admitted assets, or~~

26 [~~(2) as to any other foreign jurisdiction, five~~
27 ~~percent of the insurer's admitted assets.]~~

1 (c) The sum of the amount of investments made under this
2 section and the amount of similar investments made within the
3 United States and Canada may not exceed any limitation imposed by
4 Sections 424.051, 424.058-424.071, and 424.074 [~~the sum of:~~

5 [~~(1) the amounts authorized by Section 424.073; and~~

6 [~~(2) 20 percent of the insurer's assets~~].

7 (d) The aggregate [~~combined total of the~~] amount of an
8 insurer's investments [~~made~~] under this section[~~, the amount of~~
9 ~~similar investments made within the United States and Canada, and~~
10 ~~any amounts of investments authorized by Section 424.073]~~ may not
11 exceed the sum of:

12 (1) the amount of the insurer's reserves attributable
13 to insurance business in force in foreign countries, if any, and any
14 additional investments required by a foreign country as a condition
15 of engaging in business in that country; and

16 (2) 20 percent of the insurer's assets [~~any limitation~~
17 ~~prescribed by Sections 424.051, 424.058-424.071, and 424.074~~].

18 (e) An insurer may not invest more than 10 percent of the
19 insurer's assets in investments denominated in foreign currency
20 that are not hedged under Subchapter E.

21 SECTION 3. Section 425.119(f), Insurance Code, is amended
22 to read as follows:

23 (f) In addition to an investment authorized by [~~Except as~~
24 ~~provided by~~] Subsection (g), an insurance company may individually
25 or in conjunction with other investors acquire, [not] own, hold,
26 develop, and improve real property that is essentially residential
27 or commercial in character, even though the property is subject to

1 an existing mortgage or the insurance company subsequently
2 mortgages the property [~~or hold an equity interest in any~~
3 ~~residential property or subdivision, single or multiunit family~~
4 ~~dwelling property, or undeveloped real property to subdivide for or~~
5 ~~develop residential or single or multiunit family dwellings~~].

6 SECTION 4. Section 424.064(d), Insurance Code, is repealed.

7 SECTION 5. This Act takes effect September 1, 2013.