

By: Eiland

H.B. No. 3451

Substitute the following for H.B. No. 3451:

By: Eiland

C.S.H.B. No. 3451

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the formation, operation, and authority to engage in  
3 business of insurance companies and other entities regulated under  
4 the Insurance Code; restructuring or changing fees.

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

6 ARTICLE 1. FORMATION, OPERATION, AND AUTHORITY OF ENTITIES

7 SECTION 1.01. The heading to Chapter 801, Insurance Code,  
8 is amended to read as follows:

9 CHAPTER 801. INCORPORATION; CERTIFICATE OF AUTHORITY

10 SECTION 1.02. Section 801.001(2), Insurance Code, is  
11 amended to read as follows:

12 (2) "Insurer" or "insurance company" means the issuer  
13 of an insurance policy that is issued to another in consideration of  
14 a premium and that insures against a loss that may be insured  
15 against under the law. The term includes ~~[a]~~:

16 (A) a stock company operating under a valid  
17 charter or certificate of authority ~~[fraternal benefit society];~~

18 (B) a mutual company operating under a valid  
19 charter or certificate of authority ~~[Lloyd's plan];~~ and

20 (C) any of the following issuers, operating under  
21 a valid certificate of authority ~~[mutual company of any kind,~~  
22 ~~including a]~~:

23 (i) a statewide mutual assessment  
24 association;

- 1 (ii) a local mutual aid association or  
2 burial association; ~~and~~
- 3 (iii) a county or farm mutual insurance  
4 company;
- 5 (iv) a ~~(D)~~ reciprocal or interinsurance  
6 exchange;
- 7 (v) a ~~(E)~~ group hospital service  
8 corporation;
- 9 (vi) a fraternal benefit society;
- 10 (vii) a Lloyd's plan;
- 11 (viii) a stipulated premium company;
- 12 (ix) a ~~(F)~~ health maintenance  
13 organization;
- 14 (x) a ~~(G)~~ nonprofit legal services  
15 corporation; and
- 16 (xi) any foreign ~~(H) stock~~ company,  
17 alien company, port of entry, or branch office.

18 SECTION 1.03. Section 822.002, Insurance Code, is  
19 transferred to Subchapter A, Chapter 801, Insurance Code,  
20 redesignated as Section 801.0011, Insurance Code, and amended to  
21 read as follows:

22 Sec. 801.0011 ~~[822.002]~~. APPLICABILITY OF LAW GOVERNING  
23 CORPORATIONS. An insurance company incorporated in this state is  
24 subject to the Texas Business Organizations Code ~~[Corporation Act,~~  
25 ~~the Texas Miscellaneous Corporation Laws Act (Article 1302-1.01 et~~  
26 ~~seq., Vernon's Texas Civil Statutes),]~~ and any other law of this  
27 state that governs corporations in general to the extent those laws

1 are not inconsistent with this code.

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

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

7 SECTION 1.05. Section 822.051, Insurance Code, is  
8 transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
9 added by this Act, redesignated as Section 801.021, Insurance Code,  
10 and amended to read as follows:

11 Sec. 801.021 [~~822.051~~]. FORMATION OF COMPANY; AUTHORITY OF  
12 INSURER GENERALLY. (a) Any number of persons or incorporators may  
13 form a company for the purpose of engaging in the business of  
14 insurance.

15 (b) To form a company, each incorporator must adopt and sign  
16 the articles of incorporation of the company as provided by this  
17 chapter [~~code~~].

18 (c) Incorporators shall appoint the initial board of  
19 directors. The board must always have at least three members. The  
20 initial board members shall appoint the officers or managers of the  
21 proposed insurer. On approval of the proposed insurer's  
22 incorporation and certificate of authority, the initial board  
23 members and the shareholders or members shall meet to formally  
24 appoint the board of directors and officers of the incorporated  
25 insurer.

26 (d) The insurance company's board of directors, trustees,  
27 or managers shall adopt and amend bylaws that include provisions

1 establishing the qualifications, duties, and terms of office of and  
2 the manner of electing directors, trustees, or managers and  
3 officers of the company. The bylaws shall require, at a minimum, an  
4 annual meeting of the board of directors and shareholders or  
5 members at which directors and officers are appointed or elected.

6 (e) An insurer may sue or be sued.

7 (f) An insurer may make or enforce contracts in relation to  
8 the insurer's business.

9 (g) An insurer may in the insurer's own name, or through a  
10 trustee chosen by the board of directors, acquire, purchase, hold,  
11 and dispose of real and personal property to further the purposes of  
12 the insurer.

13 SECTION 1.06. Section 822.052, Insurance Code, is  
14 transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
15 added by this Act, redesignated as Section 801.022, Insurance Code,  
16 and amended to read as follows:

17 Sec. 801.022 [~~822.052~~]. ARTICLES OF INCORPORATION. (a)  
18 Articles of incorporation of a proposed insurance company must  
19 state:

20 (1) the name of the insurance company;

21 (2) the address at which [~~location of~~] the insurance  
22 company's registered agent for service of process in this state is  
23 located [~~company's principal business office~~];

24 (3) the type of insurance company, whether a stock or  
25 mutual company;

26 (4) the kind of insurance business in which the  
27 company proposes to engage;

1           (5) if the company is a stock company:

2                   (A) [~~4~~] the amount of the company's authorized  
3 shares, the par value, if any, of the shares, and the amount of the  
4 initial shares fully issued and subscribed, representing initial  
5 funding, which should include minimum capital and minimum surplus;  
6 and

7                   (B) if any shares do not have par value, a  
8 statement authenticated by the incorporators stating the number of  
9 shares without par value that are subscribed and the actual  
10 consideration received by the company for those shares,  
11 representing initial funding, which should include minimum capital  
12 and minimum surplus [~~stock~~]; and

13           (6) if the company is a mutual company, [~~5~~] the  
14 initial amount of the company's unencumbered surplus, which should  
15 include minimum unencumbered surplus, representing minimum  
16 requirements and initial funding.

17           (b) Articles of incorporation must be submitted as part of  
18 an application to incorporate and obtain a certificate of authority  
19 to engage in the business of insurance in this state. The articles  
20 of incorporation must be submitted in a format prescribed by the  
21 commissioner.

22           SECTION 1.07. Sections 822.054 and 841.054, Insurance Code,  
23 are transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
24 added by this Act, redesignated as Section 801.023, Insurance Code,  
25 and amended to read as follows:

26           Sec. 801.023 [~~822.054~~]. CAPITAL STOCK AND SURPLUS  
27 REQUIREMENTS. (a) A stock property and casualty [~~An~~] insurance

1 company must have capital stock in an amount of at least \$2.5  
2 million and surplus in an amount of at least \$2.5 million. A mutual  
3 property and casualty insurance company must have unencumbered  
4 surplus of at least \$5 million.

5 (b) ~~[At the time of incorporation, the required capital and~~  
6 ~~surplus must be in cash.]~~

7 ~~[Sec. 841.054. CAPITAL STOCK AND SURPLUS REQUIREMENTS.]~~

8 ~~(a)]~~ A stock life ~~[domestic]~~ insurance company must have capital  
9 stock in an amount of at least \$700,000 and surplus in an amount of  
10 at least \$700,000. A mutual life insurance company must have  
11 unencumbered surplus of at least \$1.4 million.

12 (c) On the date of incorporation, the required capital,  
13 surplus, and unencumbered surplus must be in cash or a cash  
14 equivalent.

15 (d) After ~~[(b) All of the capital stock required by~~  
16 ~~Subsection (a) must be fully subscribed and paid up and delivered to~~  
17 ~~the incorporators before the articles of incorporation are filed.]~~

18 ~~[(c) At the time of]~~ incorporation and the issuance of a  
19 certificate of authority to an insurance company, the minimum  
20 [required] capital stock and surplus of the company may [shall]  
21 consist only of:

22 (1) United States currency;

23 (2) bonds of ~~[the United States, this state, or a~~  
24 ~~county or municipality of]~~ this state; ~~[or]~~

25 (3) bonds or other evidences of indebtedness of the  
26 United States the principal and interest of which are guaranteed by  
27 the United States;

1           (4) bonds or other interest-bearing evidences of  
2 indebtedness of a county or municipality of this state; and

3           (5) notes secured by first mortgages:

4                 (A) on otherwise unencumbered real property in  
5 this state the title to which is valid; and

6                 (B) the payment of which is insured wholly or  
7 partly by the United States.

8           (e) Not [~~government insured mortgage loans that are~~  
9 ~~authorized by this chapter or Chapter 425, with not~~] more than 50  
10 percent of the minimum [~~required~~] capital stock and minimum surplus  
11 of an insurance company may be invested in notes described by  
12 Subsection (d)(5) [~~first mortgage real property loans~~].

13           SECTION 1.08. Section 841.205, Insurance Code, is  
14 transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
15 added by this Act, redesignated as Section 801.024, Insurance Code,  
16 and amended to read as follows:

17           Sec. 801.024 [~~841.205~~]. COMMISSIONER MAY REQUIRE LARGER  
18 CAPITAL AND SURPLUS AMOUNTS. (a) The commissioner by rule or  
19 guideline may require a domestic insurance company [~~that writes or~~  
20 ~~assumes a life insurance or annuity contract or assumes liability~~  
21 ~~on or indemnifies one person for any risk under an accident and~~  
22 ~~health insurance policy, or a combination of these policies, in an~~  
23 ~~amount that exceeds \$10,000,~~] to maintain capital and surplus in  
24 amounts that exceed the minimum amounts required by this chapter  
25 because of:

26                 (1) the nature and kind of risks the company  
27 underwrites or reinsures;

1 (2) the premium volume of risks the company  
2 underwrites or reinsures;

3 (3) the composition, quality, duration, or liquidity  
4 of the company's investment portfolio;

5 (4) fluctuations in the market value of securities the  
6 company holds; or

7 (5) the adequacy of the company's reserves.

8 (b) A rule adopted under Subsection (a) must be designed to  
9 ensure the financial solvency of an insurance company for the  
10 protection of policyholders.

11 (c) A rule adopted under Subsection (a) [but] may not  
12 require that the total admitted assets of a life, health, or  
13 accident insurance company exceed 106 percent of its total  
14 liabilities.

15 (d) An [(c) A fraternal benefit society operating under  
16 Chapter 885 and a mutual life] insurance company that ceases to  
17 write or assume business continues to be [operating under Chapter  
18 882 are] subject to [a rule adopted under] this section.

19 SECTION 1.09. Section 841.206, Insurance Code, is  
20 transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
21 added by this Act, redesignated as Section 801.025, Insurance Code,  
22 and amended to read as follows:

23 Sec. 801.025 [~~841.206~~]. IMPAIRMENT OF CAPITAL AND SURPLUS.

24 (a) An insurance company incorporated or authorized to engage in  
25 [do] the lines of business authorized in this chapter may not have:

26 (1) the company's required capital impaired;

27 (2) more than 90 percent of the company's required



1 minimum surplus impaired; or

2 (3) the surplus required under Section 801.024  
3 [~~841.205~~] impaired.

4 (b) If the commissioner determines that an insurance  
5 company's capital or surplus is impaired in violation of this  
6 section, the commissioner shall:

7 (1) order the company to immediately reduce the level  
8 of impairment to an acceptable level of impairment as specified by  
9 the commissioner or prohibit the company from engaging in the  
10 business of insurance in this state; and

11 (2) begin proceedings as necessary to determine any  
12 further actions with respect to the impairment.

13 SECTION 1.10. Section 841.207, Insurance Code, is  
14 transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
15 added by this Act, redesignated as Section 801.026, Insurance Code,  
16 and amended to read as follows:

17 Sec. 801.026 [~~841.207~~]. ACTIONS OF COMMISSIONER WHEN  
18 CAPITAL AND SURPLUS REQUIREMENTS NOT SATISFIED. If an insurance  
19 company does not comply with the capital and surplus requirements  
20 of this chapter, the commissioner may order the insurance company  
21 to cease writing new business and may:

22 (1) take action under Chapter 406, 441, or 443 [~~place~~  
23 ~~the insurance company under state supervision or conservatorship~~];

24 (2) declare the insurance company to be in a hazardous  
25 condition as provided by Subchapter A, Chapter 404;

26 (3) declare the insurance company to be impaired as  
27 provided by Section 801.025 [~~841.206~~]; or

1           (4) apply to the insurance company any other  
2 applicable sanction provided by this code.

3           SECTION 1.11. Subchapter A-1, Chapter 801, Insurance Code,  
4 as added by this Act, is amended by adding Section 801.027 to read  
5 as follows:

6           Sec. 801.027. EXAMINATION OF COMPANY. Unless otherwise  
7 expressly provided by this code, an insurance company organized  
8 under this chapter is subject to examination under Chapters 86,  
9 401, 751, and 823.

10          SECTION 1.12. Section 822.053, Insurance Code, is  
11 transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
12 added by this Act, redesignated as Section 801.028, Insurance Code,  
13 and amended to read as follows:

14          Sec. 801.028 [~~822.053~~]. COMPANY [~~COMPANY'S~~] NAME. An  
15 insurance company's name may not be so similar to the name of  
16 another insurance company as to likely mislead the public. A mutual  
17 insurance company must have "mutual" in the company's name.

18          SECTION 1.13. Section 982.304, Insurance Code, is  
19 transferred to Subchapter A-1, Chapter 801, Insurance Code, as  
20 added by this Act, redesignated as Section 801.029, Insurance Code,  
21 and amended to read as follows:

22          Sec. 801.029 [~~982.304~~]. SAME OR DECEPTIVELY SIMILAR NAME.  
23 A foreign or alien insurance company may not be denied permission to  
24 engage in the business of insurance in this state because the name  
25 of the company is the same as or deceptively similar to the name of a  
26 domestic corporation existing under the laws of this state or of  
27 another foreign or alien insurance company authorized to engage in

1 the business of insurance in this state if the company desiring to  
2 engage in the business of insurance in this state:

3 (1) files with the department [~~and with any county~~  
4 ~~clerk as provided by Subchapter B or C, Chapter 71, Business &~~  
5 ~~Commerce Code,~~] an assumed name certificate stating a name  
6 permitted under the laws of this state; and

7 (2) does not engage in any business in this state  
8 except under the assumed name.

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

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

14 SECTION 1.15. Section 822.057, Insurance Code, is  
15 transferred to Subchapter A-2, Chapter 801, Insurance Code, as  
16 added by this Act, redesignated as Section 801.031, Insurance Code,  
17 and amended to read as follows:

18 Sec. 801.031 [~~822.057~~]. APPLICATION FOR CHARTER AND  
19 CERTIFICATE OF AUTHORITY. [~~(a)~~] To obtain a charter and  
20 certificate of authority [~~for an insurance company~~], the  
21 incorporators or managers must pay to the department a filing fee  
22 [~~the fees~~] prescribed by Chapter 202 and any applicable rules [~~law~~]  
23 and file with the department:

24 (1) an application for a charter and certificate of  
25 authority on the most current version of the form adopted by the  
26 National Association of Insurance Commissioners for that purpose  
27 [~~and containing the information prescribed by the commissioner~~];

1 (2) the [~~company's~~] proposed articles of  
2 incorporation; and

3 (3) [~~an affidavit made by the incorporators or~~  
4 ~~officers of the company that states that:~~

5 [~~(A) the capital and surplus is the bona fide~~  
6 ~~property of the company; and~~

7 [~~(B) the information in the articles of~~  
8 ~~incorporation is true and correct; and~~

9 [(4)] if the application provides for the issuance of  
10 shares of stock without par value, a certificate authenticated by  
11 the incorporators or officers stating:

12 (A) the number of shares without par value that  
13 are subscribed; and

14 (B) the actual consideration received by the  
15 insurance company for those shares.

16 [~~(b) If the commissioner is not satisfied with the affidavit~~  
17 ~~filed under Subsection (a)(3), the commissioner may require that~~  
18 ~~the incorporators provide at their expense additional evidence of a~~  
19 ~~matter required in the affidavit before the commissioner.~~

20 [~~(1) receives the proposed articles of incorporation~~  
21 ~~or the application for charter; or~~

22 [~~(2) issues a certificate of authority to the~~  
23 ~~company.~~]

24 SECTION 1.16. Section 822.060, Insurance Code, is  
25 transferred to Subchapter A-2, Chapter 801, Insurance Code, as  
26 added by this Act, redesignated as Section 801.032, Insurance Code,  
27 and amended to read as follows:

1           Sec. 801.032 [~~822.060~~]. ACTION ON CHARTER AND CERTIFICATE  
2 APPLICATION OR CHARTER OR CERTIFICATE AMENDMENT APPLICATION. (a)  
3 In considering an [~~the~~] application for a charter and certificate  
4 of authority or an application to amend a charter or certificate of  
5 authority, the commissioner shall conduct an examination, limited  
6 to the filed application and related information, including a  
7 review to determine whether [~~if~~]:

8                   (1) the proposed capital structure of the company  
9 meets the requirements of this code;

10                   (2) the proposed officers, directors, attorney in  
11 fact, or managing head of the company have sufficient insurance  
12 experience, ability, standing, and good record to make success of  
13 the [~~proposed~~] company probable;

14                   (3) the company's funding plan and operational  
15 history, if any, demonstrate that the operation or expanded  
16 operation of the company in this state or its operations outside  
17 this state will not create a condition that might be hazardous to  
18 the company's policyholders or creditors or to the public;

19                   (4) for a proposed charter amendment that eliminates  
20 the company's power to engage in one or more kinds of insurance  
21 business, all liabilities incidental to the exercise of the  
22 eliminated charter power have been terminated or wholly reinsured;

23                   (5) the property involved in an increase of capital or  
24 surplus, or both, is:

25                           (A) properly valued; and

26                           (B) in the form authorized by this code; and

27                   (6) [~~3~~] the applicants are acting in good faith.

1 (b) If the commissioner determines that the applicant has  
2 not met the standards set out by Subsection (a), the commissioner  
3 shall deny the application in writing, giving the reason for the  
4 denial.

5 (c) If the commissioner does not deny the application under  
6 Subsection (b), the commissioner shall approve the application for  
7 or amendment of the charter or certificate of authority. [~~On~~  
8 ~~approval of an application, the articles of incorporation of the~~  
9 ~~company shall be filed with the department.~~]

10 (d) On the applicant's request, the commissioner shall hold  
11 a hearing on a denial. Not later than the 30th day after the date  
12 of the applicant's request for a hearing, the commissioner shall  
13 request a hearing date.

14 SECTION 1.17. Section 801.151, Insurance Code, is  
15 transferred to Subchapter A-2, Chapter 801, Insurance Code, as  
16 added by this Act, redesignated as Section 801.033, Insurance Code,  
17 and amended to read as follows:

18 Sec. 801.033 [~~801.151~~]. CERTAIN FELONIES; ISSUANCE OF  
19 CERTIFICATE PROHIBITED. The [~~Except as provided by Sections~~  
20 ~~801.153 and 801.154, the~~] department may not issue a certificate of  
21 authority to an applicant if a corporate officer, ~~or~~ member of the  
22 board of directors, or person having control of the applicant has  
23 been convicted of a felony involving:

- 24 (1) moral turpitude; or  
25 (2) breach of a fiduciary duty.

26 SECTION 1.18. Section 801.152, Insurance Code, is  
27 transferred to Subchapter A-2, Chapter 801, Insurance Code, as

1 added by this Act, redesignated as Section 801.034, Insurance Code,  
2 and amended to read as follows:

3       Sec. 801.034 [~~801.152~~]. CERTAIN FELONIES; REVOCATION OF  
4 CERTIFICATE. The [~~After notice and hearing, the~~] department may  
5 revoke the certificate of authority of an insurer if a corporate  
6 officer, ~~[or]~~ member of the board of directors, or person having  
7 control of the insurer is convicted of a felony involving:

- 8               (1) moral turpitude; or  
9               (2) breach of a fiduciary duty.

10       SECTION 1.19. Sections 801.153, 801.154, and 801.155,  
11 Insurance Code, are transferred to Subchapter A-2, Chapter 801,  
12 Insurance Code, as added by this Act, redesignated as Section  
13 801.035, Insurance Code, and amended to read as follows:

14       Sec. 801.035 [~~801.153~~]. PETITION FOR ISSUANCE OR  
15 REINSTATEMENT OF CERTIFICATE. (a) An insurance [~~A~~] company may  
16 petition the commissioner for issuance or reinstatement of a  
17 certificate of authority of the company that is denied or revoked  
18 under Section 801.033 or 801.034 [~~this subchapter~~]:

- 19               (1) not earlier than the later of:  
20                       (A) the fifth anniversary of the date of the  
21 final conviction; or  
22                       (B) if the officer, ~~[or]~~ director, or person  
23 having control is sentenced to confinement or imprisonment or  
24 placed on community supervision, the fifth anniversary of the date  
25 the person [~~officer or director~~] completes the sentence or period  
26 of community supervision; or

- 27               (2) after the person [~~officer or director~~] ceases to

1 be an officer or director of the insurer or relinquishes control of  
2 the insurer, as applicable.

3 (b) [~~Sec. 801.154. GRANT OF PETITION.~~] The commissioner  
4 shall grant a petition for issuance or reinstatement of a  
5 certificate of authority under this section [~~subchapter~~] if the  
6 petitioner demonstrates that granting the petition would be in the  
7 public interest and that justice would best be served by granting  
8 the petition.

9 (c) [~~Sec. 801.155. RULES RELATING TO CONTENTS OF~~  
10 ~~PETITION.~~] The department may adopt rules [~~under this subchapter~~]  
11 prescribing the contents of a petition for issuance or  
12 reinstatement of a certificate of authority under this section.

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

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

23 (b) A domestic, foreign, or alien insurance company  
24 authorized to engage in the business of insurance in this state that  
25 requests an amendment to a charter or certificate of authority must  
26 use the most current version of applicable processes and forms  
27 adopted by the National Association of Insurance Commissioners.



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

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

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

13       SECTION 1.21. Section 822.155, Insurance Code, is  
14 transferred to Subchapter A-2, Chapter 801, Insurance Code, as  
15 added by this Act, redesignated as Section 801.037, Insurance Code,  
16 and amended to read as follows:

17       Sec. 801.037 [~~822.155~~]. APPLICATION FOR AMENDMENT OF  
18 CHARTER. A domestic insurance company may amend its charter by  
19 [~~paying to the commissioner a fee in the amount determined under~~  
20 ~~Chapter 202 and by~~] filing with the department:

21           (1) an application for a charter amendment on the form  
22 and containing the information prescribed by the commissioner; and

23           (2) the company's proposed amendment.

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

26       Sec. 801.052. EFFECT AND CONTENTS OF CERTIFICATE. (a) A  
27 certificate of authority issued to an insurer under this chapter

1 authorizes the insurer to engage in the business of insurance. The  
2 certificate of authority must state the specific lines of business  
3 or kinds of insurance authorized under the certificate.

4 (b) In this section, "line of business" and "kind of  
5 insurance" include each line of business or kind of insurance  
6 listed in Subsections (c), (d), and (e) and any line of business or  
7 kind of insurance promulgated on the annual statement pages for  
8 which financial data is required to be reported by the insurer or  
9 health maintenance organization.

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

13 (1) ordinary life;

14 (2) group and individual credit life;

15 (3) group life;

16 (4) industrial life;

17 (5) ordinary annuity;

18 (6) group annuity;

19 (7) ordinary annuity and other fund deposits (variable  
20 life or variable annuity);

21 (8) group annuity and other fund deposits (variable  
22 life or variable annuity);

23 (9) guaranteed investment contracts, funding  
24 agreements, or similar instruments not based on mortality or  
25 morbidity contingencies;

26 (10) small employer coverage;

27 (11) group and individual credit accident and health;

1           (12) individual accident and health coverage,  
2 including collectively renewable accident and health,  
3 noncancelable accident and health, guaranteed renewable accident  
4 and health, nonrenewable for stated reasons only accident and  
5 health, and other accident only;

6           (13) group accident and health other than association,  
7 large employer, or small employer coverage;

8           (14) Medicare Plus Choice plan;

9           (15) coverage under the state child health plan  
10 program commonly known as CHIP;

11           (16) association coverage;

12           (17) large employer coverage; and

13           (18) Medicare supplement.

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

16           (1) fire;

17           (2) allied lines;

18           (3) earthquake;

19           (4) flood;

20           (5) farm owners multiple peril;

21           (6) homeowners multiple peril;

22           (7) Texas commercial multiple peril (non-liability  
23 portion);

24           (8) growing crops (all other);

25           (9) multiple peril crop;

26           (10) inland marine;

27           (11) ocean marine;

- 1           (12) small employer coverage;  
2           (13) group and individual credit accident and health;  
3           (14) individual accident and health coverage,  
4 including collectively renewable accident and health,  
5 noncancelable accident and health, guaranteed renewable accident  
6 and health, nonrenewable for stated reasons only accident and  
7 health, and other accident only;  
8           (15) group accident and health other than association,  
9 large employer, or small employer coverage;  
10           (16) Medicare Plus Choice plans;  
11           (17) coverage under the state child health plan  
12 program commonly known as CHIP;  
13           (18) association coverage;  
14           (19) large employer coverage;  
15           (20) workers' compensation or employers liability;  
16           (21) Texas commercial multiple peril (liability  
17 portion);  
18           (22) financial guaranty;  
19           (23) medical malpractice liability for physicians,  
20 including surgeons and osteopaths;  
21           (24) medical malpractice liability for health care  
22 professionals other than physicians;  
23           (25) medical malpractice liability for hospitals;  
24           (26) medical malpractice liability for health care  
25 facilities other than hospitals;  
26           (27) product liability;  
27           (28) other general liability, including professional

- 1 liability;  
2           (29) fidelity and surety;  
3           (30) bail bonds;  
4           (31) glass;  
5           (32) burglary and theft, including forgery;  
6           (33) boiler and machinery;  
7           (34) credit;  
8           (35) type I and type II mortgage guaranty;  
9           (36) aircraft (all perils);  
10          (37) private passenger auto no-fault personal injury  
11 protection;  
12          (38) other private passenger auto liability;  
13          (39) commercial auto no-fault personal injury  
14 protection;  
15          (40) other commercial auto liability;  
16          (41) private passenger auto physical damage;  
17          (42) commercial auto physical damage;  
18          (43) hail (growing crops only);  
19          (44) rain;  
20          (45) title;  
21          (46) livestock mortality;  
22          (47) Medicare supplement; and  
23          (48) warranty, including contractual liability.  
24          (e) For a health maintenance organization or insurer  
25 required to file a health annual statement, each of the following is  
26 a line of business:  
27          (1) small employer coverage;

1           (2) large employer coverage;

2           (3) health care services for Medicaid delivered under  
3 a contract with the Health and Human Services Commission;

4           (4) health care services for Medicare or a Medicare  
5 Plus Choice plan delivered under a contract with the federal  
6 Centers for Medicare and Medicaid Services;

7           (5) coverage under the state child health plan program  
8 commonly known as CHIP;

9           (6) individual coverage;

10          (7) association coverage;

11          (8) limited service group coverage;

12          (9) limited service individual coverage;

13          (10) single service group coverage;

14          (11) single service individual coverage; and

15          (12) Medicare supplement.

16           SECTION 1.23. Section 801.055, Insurance Code, is amended  
17 to read as follows:

18           Sec. 801.055. DEPOSIT OF FEES. A fee collected by the  
19 department under this chapter for a charter or certificate of  
20 authority shall be deposited to the credit of the Texas Department  
21 of Insurance operating account.

22           SECTION 1.24. Section 801.056(b), Insurance Code, is  
23 amended to read as follows:

24           (b) The department may deny an application for an  
25 authorization if the applicant or a corporate officer, director, or  
26 person having control of the applicant fails to provide a complete  
27 set of fingerprints on request by the department.

1 SECTION 1.25. Section 801.057, Insurance Code, is amended  
2 to read as follows:

3 Sec. 801.057. FAILURE TO FILE ANNUAL OR QUARTERLY  
4 STATEMENT: GROUND FOR REVOCATION OR SUSPENSION. A certificate of  
5 authority of an insurer that fails to file an annual or quarterly  
6 statement required by law is subject to being suspended or revoked  
7 by the department.

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

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

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

14 Sec. 802.001. APPLICABILITY OF CHAPTER [~~FORM OF ANNUAL~~  
15 ~~STATEMENT~~]. This chapter applies to all insurers and certain other  
16 regulated entities authorized to engage in the business of  
17 insurance in this state, including:

- 18 (1) life insurers;
- 19 (2) accident insurers;
- 20 (3) life and accident insurers;
- 21 (4) life and health insurers;
- 22 (5) accident and health insurers;
- 23 (6) life, accident, and health insurers;
- 24 (7) mutual life insurers;
- 25 (8) stipulated premium insurers;
- 26 (9) limited purpose subsidiary life insurance  
27 companies under Subchapter I, Chapter 841;

- 1           (10) group hospital service corporations;
- 2           (11) fire insurers;
- 3           (12) fire and marine insurers;
- 4           (13) United States branches of alien insurers;
- 5           (14) Mexican casualty insurers;
- 6           (15) general casualty insurers;
- 7           (16) fire and casualty insurers;
- 8           (17) mutual insurers other than life;
- 9           (18) statewide mutual assessment companies;
- 10          (19) local mutual aid associations;
- 11          (20) mutual burial associations;
- 12          (21) exempt associations;
- 13          (22) county mutual insurers;
- 14          (23) Lloyd's plans;
- 15          (24) reciprocal and interinsurance exchanges;
- 16          (25) domestic risk retention groups;
- 17          (26) domestic joint underwriting associations;
- 18          (27) title insurers;
- 19          (28) fraternal benefit societies;
- 20          (29) farm mutual insurers;
- 21          (30) health maintenance organizations;
- 22          (31) nonprofit health corporations;
- 23          (32) nonprofit legal services corporations;
- 24          (33) the Texas Health Insurance Pool;
- 25          (34) the Texas Mutual Insurance Company;
- 26          (35) the Texas Windstorm Insurance Association; and
- 27          (36) the Texas FAIR Plan Association.    ~~[(a) The~~



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

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

7 Sec. 802.002. ANNUAL STATEMENT; QUARTERLY STATEMENT;  
8 ACTUARIAL OPINION [REQUIRED]. (a) Insurers and other regulated  
9 entities must properly report each calendar year to the department  
10 and the National Association of Insurance Commissioners by  
11 completing, in accordance with applicable instructions, due dates,  
12 and rules, the appropriate paper copy annual and quarterly  
13 statement blanks, other reporting forms, and electronic filings  
14 specified in this section and applicable rules.

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

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

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

25 (c) If an insurer or other regulated entity fails to deliver  
26 an annual or quarterly statement in a timely manner, the department  
27 shall notify the insurer or other entity that the insurer or other

1 entity may not issue new insurance until the date the statement is  
2 delivered to the department.

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

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

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

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

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

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

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

1 after the date on which the [~~annual~~] statement is required to be  
2 filed, the date of filing is the date of:

3 (1) the postal service postmark stamped on the cover  
4 in which the document is mailed; or

5 (2) any other evidence of mailing authorized by the  
6 postal service reflected on the cover in which the document is  
7 mailed.

8 SECTION 1.28. Sections 802.052, 802.053, 802.054, 802.055,  
9 and 802.056, Insurance Code, are redesignated as Sections 802.004,  
10 802.005, 802.006, 802.007, and 802.008, Insurance Code, and amended  
11 to read as follows:

12 Sec. 802.004 [~~802.052~~]. CONCURRENT FILING WITH NATIONAL  
13 ASSOCIATION OF INSURANCE COMMISSIONERS. (a) Each domestic,  
14 foreign, or alien insurance company or other regulated entity to  
15 which this chapter applies authorized to engage in the business of  
16 insurance in this state shall file a copy of the company's annual  
17 and quarterly statements [~~statement~~] with the National Association  
18 of Insurance Commissioners at the time the company files the  
19 statements [~~statement~~] with the commissioner.

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

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

24 (A) a change in substance or form;

25 (B) an additional filing; and

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

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

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

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

14           Sec. 802.006 [~~802.054~~]. COMPLIANCE. The commissioner may  
15 consider a foreign insurance company to be in compliance with the  
16 requirements of Section 802.004 [~~802.052~~] if the company is  
17 domiciled in a state with a law substantially similar to that  
18 section.

19           Sec. 802.007 [~~802.055~~]. COSTS PAID BY INSURANCE COMPANY.  
20 An insurance company shall pay all costs of preparing and  
21 furnishing to the National Association of Insurance Commissioners  
22 the information required under Section 802.004 [~~802.052~~],  
23 including any related filing fees.

24           Sec. 802.008 [~~802.056~~]. STATUS OF REPORTS AND OTHER  
25 INFORMATION. A report or any other information resulting from the  
26 collection, review, analysis, and distribution of information  
27 developed from the filing of annual statement convention blanks and

1 provided to the department by the National Association of Insurance  
2 Commissioners is considered part of the process of examination of  
3 insurance companies under this code, including Chapters 86, ~~[and]~~  
4 401, and 823.

5 SECTION 1.29. Chapter 802, Insurance Code, is amended by  
6 adding Section 802.009 to read as follows:

7 Sec. 802.009. ADOPTION OF ACCOUNTING AND FINANCIAL  
8 STANDARDS. (a) Each domestic, foreign, or alien insurance company  
9 authorized to engage in the business of insurance in this state  
10 shall use the applicable Accounting Practices and Procedures  
11 Manual, Supplements, Amendments, and related guidance as adopted  
12 and published by the National Association of Insurance  
13 Commissioners each year, subject to any exceptions and  
14 modifications prescribed by the commissioner by rule. The  
15 department shall adopt the Accounting Practices and Procedures  
16 Manual and related guidance as adopted and published by the  
17 National Association of Insurance Commissioners each year, subject  
18 to any exceptions and modifications prescribed by the commissioner  
19 by rule, as the source of accounting principles for the department  
20 when analyzing financial reports and for conducting statutory  
21 examinations and rehabilitations of insurers and health  
22 maintenance organizations authorized to engage in the business of  
23 insurance in this state, except as otherwise provided by law.

24 (b) Each domestic, foreign, or alien insurance company  
25 authorized to engage in the business of insurance in this state  
26 shall use and comply with the Risk-Based Capital Report Including  
27 Overview and Instructions for Companies, as appropriate based on

1 the particular line of business, and the risk-based capital  
2 formulas contained in the report, as adopted and published by the  
3 National Association of Insurance Commissioners annually, subject  
4 to any exceptions and modifications prescribed by the commissioner  
5 by rule. Each company subject to this subsection must file an  
6 electronic version of the company's yearly Risk-Based Capital  
7 Report and any supplemental forms and reports with the National  
8 Association of Insurance Commissioners in accordance with and by  
9 the due dates specified in the instructions.

10 (c) An insurer providing only casualty insurance as defined  
11 by Chapter 822 may include in the insurer's assets, if the total  
12 value of the equipment exceeds \$2,000, the value of all electronic  
13 machines that are part of a data processing system and of all other  
14 office equipment, furniture, machines, and labor-saving devices  
15 purchased for and used in connection with the business of the  
16 insurer to the extent that the total actual cash market value of  
17 those assets is less than five percent of the other admitted assets  
18 of the insurer.

19 SECTION 1.30. The heading to Chapter 822, Insurance Code,  
20 is amended to read as follows:

21 CHAPTER 822. GENERAL [~~INCORPORATION AND~~] REGULATORY  
22 REQUIREMENTS FOR INSURANCE COMPANIES OTHER THAN LIFE,  
23 HEALTH, OR ACCIDENT INSURANCE COMPANIES

24 SECTION 1.31. Sections 822.001 and 822.201, Insurance Code,  
25 are amended to read as follows:

26 Sec. 822.001. APPLICABILITY OF CHAPTER. Except as  
27 otherwise provided by this code, this chapter applies to ~~the~~

1 ~~formation of~~] each company or organization engaging [~~that proposes~~  
2 ~~to engage~~] in any kind of insurance business other than a life,  
3 health, or accident insurance company [~~organized or~~] operating  
4 under Chapter 841, 881, 882, 884, 885, 886, 887, or 888.

5       Sec. 822.201. APPLICABILITY OF CAPITAL AND SURPLUS  
6 REQUIREMENTS. The capital and surplus requirements of this chapter  
7 and Chapter 801 apply to each insurance company or other entity,  
8 other than a farm mutual insurance company, authorized to write  
9 property and casualty insurance in this state including:

- 10           (1) a county mutual insurance company;
- 11           (2) a mutual insurance company, other than a mutual  
12 life insurance company;
- 13           (3) a Lloyd's plan; and
- 14           (4) a reciprocal or interinsurance exchange.

15       SECTION 1.32. Section 822.206(a), Insurance Code, is  
16 amended to read as follows:

17       (a) An insurance company may, on prior approval of the  
18 department and subject to Chapter 823, purchase outstanding shares  
19 of the company's capital stock in accordance with the Texas  
20 Business Corporation Act either by making a tender offer or by  
21 entering into a negotiated private transaction.

22       SECTION 1.33. Section 822.207(a), Insurance Code, is  
23 amended to read as follows:

24       (a) On prior approval of the commissioner and subject to  
25 Chapter 823, an insurance company, the capital stock of which is  
26 listed on a national securities exchange, may purchase from time to  
27 time outstanding shares of the company's capital stock on the open

1 market. The shares must be purchased:

- 2 (1) in the name of the company for its own account; and  
3 (2) in accordance with the Texas Business Corporation  
4 Act.

5 SECTION 1.34. Sections 822.212(a) and (b), Insurance Code,  
6 are amended to read as follows:

7 (a) Notwithstanding Chapter 801 [~~Section 822.203~~], to  
8 engage in the kinds of insurance business for which an insurance  
9 company organized under this chapter holds a certificate of  
10 authority in this state, an insurance company organized under this  
11 chapter that on September 1, 2009, had less than the minimum amount  
12 of capital and surplus required for a newly incorporated company  
13 under Chapter 801 [~~Section 822.054~~] must:

14 (1) not later than December 31, 2010, have increased  
15 the amount of its capital by at least 10 percent of the difference  
16 between the amount of minimum capital required for a newly  
17 incorporated company under former Section 822.054 and the amount of  
18 the company's capital on December 31, 2009;

19 (2) not later than December 31, 2011, have increased  
20 the amount of its capital by at least 20 percent of the difference  
21 between the amount of minimum capital required for a newly  
22 incorporated company under former Section 822.054 and the amount of  
23 the company's capital on December 31, 2009;

24 (3) not later than December 31, 2012, have increased  
25 the amount of its capital by at least 30 percent of the difference  
26 between the amount of minimum capital required for a newly  
27 incorporated company under former Section 822.054 and the amount of



1 the company's capital on December 31, 2009;

2 (4) not later than December 31, 2013, have increased  
3 the amount of its capital by at least 40 percent of the difference  
4 between the amount of minimum capital required for a newly  
5 incorporated company under Chapter 801 [~~Section 822.054~~] and the  
6 amount of the company's capital on December 31, 2009;

7 (5) not later than December 31, 2014, have increased  
8 the amount of its capital by at least 50 percent of the difference  
9 between the amount of minimum capital required for a newly  
10 incorporated company under Chapter 801 [~~Section 822.054~~] and the  
11 amount of the company's capital on December 31, 2009;

12 (6) not later than December 31, 2015, have increased  
13 the amount of its capital by at least 60 percent of the difference  
14 between the amount of minimum capital required for a newly  
15 incorporated company under Chapter 801 [~~Section 822.054~~] and the  
16 amount of the company's capital on December 31, 2009;

17 (7) not later than December 31, 2016, have increased  
18 the amount of its capital by at least 70 percent of the difference  
19 between the amount of minimum capital required for a newly  
20 incorporated company under Chapter 801 [~~Section 822.054~~] and the  
21 amount of the company's capital on December 31, 2009;

22 (8) not later than December 31, 2017, have increased  
23 the amount of its capital by at least 80 percent of the difference  
24 between the amount of minimum capital required for a newly  
25 incorporated company under Chapter 801 [~~Section 822.054~~] and the  
26 amount of the company's capital on December 31, 2009;

27 (9) not later than December 31, 2018, have increased

1 the amount of its capital by at least 90 percent of the difference  
2 between the amount of minimum capital required for a newly  
3 incorporated company under Chapter 801 [~~Section 822.054~~] and the  
4 amount of the company's capital on December 31, 2009; and

5 (10) not later than December 31, 2019, have at least  
6 the minimum amount of capital required under Chapter 801 [~~Section~~  
7 ~~822.054~~] for a newly incorporated company.

8 (b) An insurance company that on September 1, 2009, had less  
9 than the minimum amount of capital and surplus required for a newly  
10 incorporated company under former Section 822.054 shall  
11 immediately increase the amount of its capital and surplus to an  
12 amount equal to the required amount of capital and surplus under  
13 Chapter 801 [~~Section 822.054~~] if there is:

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

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

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

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

24 SUBCHAPTER F. PROVISIONS APPLICABLE TO CASUALTY COMPANIES

25 Sec. 822.251. DEFINITIONS. (a) In this subchapter,  
26 "casualty company" means an insurer engaging in the business of  
27 insurance under Chapter 801 that writes marine insurance, including

1 insurance against hazards and perils incident to war, or insures:

2 (1) a person against:

3 (A) bodily injury, disability, or death that  
4 results from an accident; or

5 (B) disability that results from disease;

6 (2) against loss or damage that results from an  
7 accident or injury sustained by:

8 (A) an employee or other person, for which  
9 accident or injury the insured is liable; or

10 (B) a person, for which loss the insured is  
11 liable, other than employers liability insurance under Paragraph  
12 (A);

13 (3) against loss or damage by:

14 (A) burglary, theft, or housebreaking; or

15 (B) water to goods or premises that arises from  
16 the breakage or leakage of a sprinkler or water pipe;

17 (4) glass against breakage;

18 (5) a steam boiler, elevator, electrical device, or  
19 engine and any machinery or appliance used or operated in  
20 connection with a steam boiler, elevator, electrical device, or  
21 engine;

22 (6) against loss or damage from injury to a person or  
23 property that results accidentally from an item described by  
24 Subdivision (5);

25 (7) against loss that:

26 (A) results from accidental damage to an  
27 automobile; or

1                   (B) is caused accidentally by an automobile;  
2                   (8) a person, association, or corporation against loss  
3 or damage that results from giving or extending credit;  
4                   (9) against loss that results from the nonpayment of  
5 the principal of or interest on a bond, mortgage, or other evidence  
6 of indebtedness; or  
7                   (10) against any other casualty or insurance risk,  
8 other than fire or life insurance, specified in the company's  
9 articles of incorporation that:

10                   (A) may be lawfully made the subject of  
11 insurance; and

12                   (B) is not otherwise provided for by this  
13 chapter.

14                   (b) A casualty company may insure one or more risks listed  
15 in Subsection (a).

16                   SECTION 1.36. Section 861.154, Insurance Code, is  
17 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
18 by this Act, redesignated as Section 822.252, Insurance Code, and  
19 amended to read as follows:

20                   Sec. 822.252 [~~861.154~~]. DIVIDENDS. Except as authorized by  
21 Sections 403.001 and 403.051, the directors of a [~~general~~] casualty  
22 company may not issue dividends.

23                   SECTION 1.37. Section 861.251, Insurance Code, is  
24 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
25 by this Act, redesignated as Section 822.253, Insurance Code, and  
26 amended to read as follows:

27                   Sec. 822.253 [~~861.251~~]. MINIMUM CAPITAL AND SURPLUS. (a)

1 ~~[A general casualty company must have at least the minimum capital~~  
2 ~~and surplus applicable to casualty, fidelity, guaranty, surety, and~~  
3 ~~trust companies under Sections 822.054, 822.210, and 822.211. At~~  
4 ~~the time of incorporation, the required capital and surplus must be~~  
5 ~~in cash.~~

6 ~~[(b)]~~ After incorporation and issuance of a certificate of  
7 authority, a ~~[general]~~ casualty company shall invest the minimum  
8 capital and surplus as provided by Section 801.023 ~~[822.204]~~. The  
9 company shall invest all other funds ~~[of the company]~~ in excess of  
10 the minimum capital and surplus as provided by:

11 (1) a provision of Subchapter B, Chapter 424, other  
12 than Section 424.052, 424.072, or 424.073; and

13 (2) Section 862.002.

14 (b) ~~[(c)]~~ A ~~[general]~~ casualty company may not loan any part  
15 of the company's capital or paid in surplus to an officer of the  
16 company.

17 SECTION 1.38. Section 861.255, Insurance Code, is  
18 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
19 by this Act, redesignated as Section 822.254, Insurance Code, and  
20 amended to read as follows:

21 Sec. 822.254 ~~[861.255]~~. RULES REGARDING CERTAIN ASSETS.

22 (a) The value of the electronic machines and systems, office  
23 equipment, furniture, other machines, and labor-saving devices  
24 specified in Chapter 802 ~~[Section 861.254(c)(9), as determined~~  
25 ~~under this section]~~ and in accordance with rules adopted by the  
26 commissioner~~[7]~~ is an admitted asset of the company.

27 (b) The commissioner may adopt rules:

1           (1) defining electronic machines and systems, office  
2 equipment, furniture, other machines, and labor-saving devices as  
3 specified in Chapter 802; [~~Section 861.254(c)(9)~~] and

4           (2) stating the maximum period for which each class of  
5 equipment may be amortized.

6           SECTION 1.39. Section 861.258, Insurance Code, is  
7 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
8 by this Act, redesignated as Section 822.255, Insurance Code, and  
9 amended to read as follows:

10           Sec. 822.255 [~~861.258~~]. REAL PROPERTY. (a) A [~~general~~]  
11 casualty company is subject to Section 862.002 and may not  
12 purchase, hold, or convey real property except as authorized by  
13 that section.

14           (b) A [~~general~~] casualty company shall sell real property  
15 acquired in compliance with Subsection (a) not later than the 10th  
16 anniversary of the date the real property was acquired.

17           (c) A [~~general~~] casualty company may retain real property  
18 after the date specified by Subsection (b) if the commissioner  
19 issues a certificate stating:

20                   (1) that sale of the real property in compliance with  
21 Subsection (b) would cause the company to incur a material loss; and

22                   (2) a later date by which the real property must be  
23 sold.

24           (d) Subsection (b) does not apply to:

25                   (1) real property occupied by buildings used in whole  
26 or in part by a [~~general~~] casualty company in the transaction of  
27 business;

1           (2) an interest in minerals or royalty reserved on the  
2 sale of real property acquired under Sections 862.002(c)(1)-(3);  
3 and

4           (3) investment real property acquired under Section  
5 424.064.

6           SECTION 1.40. Section 861.701, Insurance Code, is  
7 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
8 by this Act, redesignated as Section 822.256, Insurance Code, and  
9 amended to read as follows:

10           Sec. 822.256 [~~861.701~~]. REVOCATION OF CERTIFICATE. (a)  
11 If, as a result of an examination under Section 801.027 [~~861.257~~],  
12 the commissioner determines that a [~~general~~] casualty company has  
13 not complied with this chapter, the commissioner shall:

- 14           (1) revoke the company's certificate of authority; and  
15           (2) notify the attorney general of the revocation.

16           (b) On receipt of notification under Subsection (a)(2), the  
17 attorney general shall request court appointment of a receiver for  
18 the [~~general~~] casualty company. Under the direction of the court,  
19 the receiver shall wind up the affairs of the company.

20           SECTION 1.41. Section 861.702, Insurance Code, is  
21 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
22 by this Act, redesignated as Section 822.257, Insurance Code, and  
23 amended to read as follows:

24           Sec. 822.257 [~~861.702~~]. PENALTY. A [~~general~~] casualty  
25 company that engages in the business of insurance without a  
26 certificate of authority issued under Chapter 801 [~~violates Section~~  
27 ~~861.101~~] is subject to a penalty of \$100 for each day the company

1 writes new business in this state without the certificate of  
2 authority required by that chapter [~~section~~].

3 SECTION 1.42. Section 861.703, Insurance Code, is  
4 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
5 by this Act, redesignated as Section 822.258, Insurance Code, and  
6 amended to read as follows:

7 Sec. 822.258 [~~861.703~~]. COLLECTION OF PENALTY. (a) The  
8 attorney general or a district or county attorney under the  
9 direction of the attorney general may file an action in the name of  
10 the state to collect a penalty under this subchapter [~~chapter~~].

11 (b) An action filed under this section must be filed in  
12 Travis County or in the county in which the [~~general~~] casualty  
13 company's principal office is located.

14 SECTION 1.43. Section 861.252, Insurance Code, is  
15 transferred to Subchapter F, Chapter 822, Insurance Code, as added  
16 by this Act, redesignated as Section 822.259, Insurance Code, and  
17 amended to read as follows:

18 Sec. 822.259 [~~861.252~~]. SECURITY DEPOSIT. (a) [~~On~~  
19 ~~granting of the charter to a general casualty company, the company~~  
20 ~~shall deposit with the comptroller \$50,000 in:~~

- 21 [~~(1) cash, or~~  
22 [~~(2) securities of the kind described by a provision~~  
23 ~~of Subchapter B, Chapter 424, other than Section 424.052, 424.072,~~  
24 ~~or 424.073.~~

25 [~~(b)~~] If, as a prerequisite to engaging in the business of  
26 insurance in another state, country, or province, a [~~general~~]  
27 casualty company is required to deposit securities or cash with the



1 appropriate officer of that state, country, or province, or with  
2 the comptroller, [~~securities or cash in excess of the deposit made~~  
3 ~~under Subsection (a),~~] the company may deposit with the comptroller  
4 any authorized securities or cash sufficient to meet the  
5 requirement. The comptroller shall receive and hold the deposit  
6 exclusively for the protection of policyholders of the company.

7 (b) [~~(c)~~] A [~~general~~] casualty company may withdraw a  
8 deposit made under Subsection (a) [~~(b)~~] if the company files with  
9 the department satisfactory evidence, as determined by the  
10 commissioner, that the company:

11 (1) has withdrawn from business in the other state,  
12 country, or province; and

13 (2) has no unsecured liabilities outstanding in the  
14 other state, country, or province.

15 (c) [~~(d)~~] A [~~general~~] casualty company may change the  
16 company's securities on deposit with the comptroller by withdrawing  
17 those securities and substituting an equal amount of other  
18 securities that meet the requirements to engage in the business of  
19 insurance in the relevant state, country, or province [~~authorized~~  
20 ~~by Subsection (a)~~].

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

23 Sec. 841.002. APPLICABILITY OF CHAPTER AND OTHER LAW.  
24 Except as otherwise expressly provided by this code, each insurance  
25 company incorporated or engaging in business in this state as a life  
26 insurance company, an accident insurance company, a life and  
27 accident insurance company, a health and accident insurance

1 company, or a life, health, and accident insurance company is  
2 subject to:

- 3 (1) this chapter and Chapter 801;
- 4 (2) Chapter 3;
- 5 (3) Chapters 425 and 492;
- 6 (4) Title 7;
- 7 (5) Sections 1202.051, 1204.151, 1204.153, and  
8 1204.154;
- 9 (6) Subchapter A, Chapter 1202, Subchapters A and F,  
10 Chapter 1204, Subchapter A, Chapter 1273, Subchapters A, B, and D,  
11 Chapter 1355, and Subchapter A, Chapter 1366;
- 12 (7) Subchapter A, Chapter 1507;
- 13 (8) Chapters 1203, 1210, 1251-1254, 1301, 1351, 1354,  
14 1359, 1364, 1368, 1505, 1506, 1651, 1652, and 1701; and
- 15 (9) Chapter 177, Local Government Code.

16 Sec. 841.003. APPLICABILITY OF LAW GOVERNING CORPORATIONS.

17 An insurance company operating under this chapter is subject to the  
18 Texas Business Organizations Code [~~Corporation Act, the Texas~~  
19 ~~Miscellaneous Corporation Laws Act (Article 1302-1.01 et seq.,~~  
20 ~~Vernon's Texas Civil Statutes),~~] and any other law of this state  
21 that governs corporations in general to the extent those laws are  
22 not inconsistent with this chapter or another law described by  
23 Section 841.002.

24 SECTION 1.45. Section 841.104, Insurance Code, is  
25 transferred to Subchapter A, Chapter 841, Insurance Code, and  
26 redesignated as Section 841.005, Insurance Code, to read as  
27 follows:

1           Sec. 841.005 [~~841.104~~]. TAX PAYMENT REQUIRED FOR ISSUANCE  
2 OF CERTAIN CERTIFICATES OF AUTHORITY. (a) This section applies to  
3 a life insurance company that:

4           (1) has previously held a certificate of authority to  
5 engage in the business of life insurance in this state;

6           (2) ceased to write new business in this state under  
7 that certificate of authority; and

8           (3) after ceasing to write new business, continued to  
9 collect from residents of this state renewal or other premiums on  
10 policies written under that certificate of authority.

11          (b) A life insurance company to which this section applies  
12 may not obtain a new certificate of authority to engage in the  
13 business of life insurance in this state until the company:

14           (1) files with the department under oath a report that  
15 discloses the gross amount of renewal or other premiums received  
16 each calendar year from residents of this state after the period  
17 covered by the company's last tax report of gross premium receipts  
18 filed under this code; and

19           (2) pays to the state occupation taxes on those  
20 premiums.

21          (c) The life insurance company shall pay the occupation tax  
22 for each year of nonpayment. The company shall pay the tax for each  
23 year at the same rate for that year as a company engaged in the  
24 business of life insurance in this state during that year.

25          (d) The life insurance company shall remit the penalties for  
26 failure to pay the taxes and file required reports when the company  
27 pays the taxes and receives a certificate of authority.

1 SECTION 1.46. Section 841.201, Insurance Code, is amended  
2 to read as follows:

3 Sec. 841.201. FORM OF REQUIRED CAPITAL AND SURPLUS.  
4 Notwithstanding any other provision of this code, [~~after a charter~~  
5 ~~is granted under this chapter,~~] the domestic insurance company:

6 (1) shall maintain the company's minimum capital at  
7 all times in a form described by Chapter 801 [~~Section 841.054(c)~~];  
8 and

9 (2) may invest the company's surplus as provided by  
10 this code.

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

13 Sec. 841.256. BUSINESS IN SEPARATE DEPARTMENTS OF DOMESTIC  
14 INSURANCE COMPANY. A domestic insurance company may not transact  
15 more than one of the following kinds of insurance business  
16 [~~described by Section 841.051(a)~~] unless the company establishes  
17 separate departments to transact each kind of business:

- 18 (1) life insurance;  
19 (2) accident insurance; and  
20 (3) health insurance.

21 Sec. 841.257. KINDS OF BUSINESS LIMITED. An insurance  
22 company authorized to engage in the business of insurance under  
23 Chapter 801 and operating under this chapter [~~or in accordance with~~  
24 ~~Section 982.051~~] may not accept a risk or write an insurance policy  
25 in this state or any other state or country other than:

- 26 (1) a life, accident, or health insurance policy;  
27 (2) reinsurance under Sections 492.051(b) and (c) or

1 Chapter 493 by a life insurance company authorized to engage in the  
2 business of insurance in this state; or

3 (3) reinsurance under Chapter 494 by a domestic  
4 insurance company.

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

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

12 SECTION 1.49. Section 883.001(1), Insurance Code, is  
13 amended to read as follows:

14 (1) "Domestic mutual insurance company" means a mutual  
15 insurance company organized under Chapter 801 and operating under  
16 this chapter.

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

19 Sec. 883.163. IMMEDIATE NOTIFICATION WHEN ASSETS ARE  
20 INSUFFICIENT; EXAMINATION. The president and the secretary of a  
21 mutual insurance company operating under this chapter [~~the law~~  
22 ~~providing for the incorporation of mutual fire, lightning, hail,~~  
23 ~~and storm insurance companies~~] shall immediately notify the  
24 commissioner any time the admitted assets of the company are less  
25 than the largest single risk for which the company is liable. The  
26 commissioner may make an examination into the affairs of the  
27 company as the commissioner considers best.

1 SECTION 1.51. Section 982.253(a), Insurance Code, is  
2 amended to read as follows:

3 (a) If the commissioner determines from a statement filed  
4 under Chapter 802 [~~Section 982.252~~] or any report that an alien  
5 insurance company's trusteed surplus is less than the greater of  
6 the minimum capital required of, or the minimum surplus required to  
7 be maintained by, a domestic insurance company authorized to engage  
8 in the same kinds of insurance, the commissioner shall:

9 (1) determine the amount of the impairment; and

10 (2) order the company, through its United States  
11 manager or attorney, to eliminate the impairment within the period  
12 designated by the commissioner.

13 ARTICLE 2. CONFORMING AMENDMENTS

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

16 Sec. 34.004. IMMUNITY FOR USE OF ANNUAL OR QUARTERLY  
17 STATEMENT INFORMATION. (a) A person is not liable in a civil  
18 action, including an action for libel or slander, for collecting,  
19 reviewing, analyzing, disseminating, or reporting information  
20 collected from annual or quarterly statements filed under Chapter  
21 802 if the person is:

22 (1) the department, the commissioner, or an employee  
23 of the department;

24 (2) a member or employee of or delegate to the National  
25 Association of Insurance Commissioners or an authorized committee,  
26 subcommittee, or task force of that association; or

27 (3) another person who is responsible for collecting,

1 reviewing, analyzing, and disseminating information from filed  
2 annual statement convention blanks.

3 (b) Subsection (a) does not apply to a person who acts with  
4 malice.

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

7 (b) For purposes of this section, "insurer" means a  
8 reciprocal or interinsurance exchange, mutual insurance company,  
9 capital stock company, county mutual insurance company, Lloyd's  
10 plan, life, accident, or health or casualty insurance company,  
11 health maintenance organization, mutual life insurance company,  
12 mutual insurance company other than life, mutual, or natural  
13 premium life insurance company, [~~general~~] casualty company,  
14 fraternal benefit society, group hospital service company, or other  
15 legal entity engaged in the business of insurance in this  
16 state. The term includes an affiliate as described by Section  
17 823.003(a) if that affiliate is authorized to write and is writing  
18 insurance in this state.

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

21 (a) This chapter applies to any insurer, including a group  
22 hospital service corporation, any health maintenance organization,  
23 and any managed care organization that receives gross premiums or  
24 revenues subject to taxation under Section 222.002, including  
25 companies operating under Subchapter F, Chapter 822, or Chapter  
26 841, 842, 843, [~~861~~] 881, 882, 883, 884, 941, 942, 982, or 984,  
27 Insurance Code, Chapter 533, Government Code, or Title XIX of the

1 federal Social Security Act.

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

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

6 (A) a life, health, or accident insurance  
7 company;

8 (B) a fire and marine insurance company;

9 (C) a [~~general~~] casualty company;

10 (D) a title insurance company;

11 (E) a fraternal benefit society;

12 (F) a mutual life insurance company;

13 (G) a local mutual aid association;

14 (H) a statewide mutual assessment company;

15 (I) a mutual insurance company other than a  
16 mutual life insurance company;

17 (J) a farm mutual insurance company;

18 (K) a county mutual insurance company;

19 (L) a Lloyd's plan;

20 (M) a reciprocal or interinsurance exchange;

21 (N) a group hospital service corporation;

22 (O) a stipulated premium company; and

23 (P) a nonprofit legal services corporation.

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

26 Sec. 404.004. CONSTRUCTION WITH LAW RELATING TO CAPITAL AND  
27 SURPLUS. The commissioner's authority under Section 404.003 to



1 require an increase in an insurer's capital and surplus by  
2 contribution, and any capital and surplus requirements imposed by  
3 the commissioner under that section, prevail over:

4 (1) the capital and surplus requirements of:

5 (A) Sections 801.023, 801.024, 801.026, 822.201,  
6 822.202 [~~822.054, 822.201-822.203~~], 822.205, 822.212  
7 [~~822.210-822.212, 841.054~~], 841.201, [~~841.204, 841.205, 841.207,~~]  
8 884.206, 884.308, and 884.309; and

9 (B) Subchapter G, Chapter 841;

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

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

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

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

22 (1) the surplus required by Section 801.023 [~~822.054~~],  
23 822.202, [~~822.203~~] 822.205, [~~822.210, 822.211~~] or 822.212 of a  
24 stock insurance company engaged in the kind of insurance business  
25 described by the company's certificate of authority:

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

27 (B) is less than the minimum level of surplus

1 required by risk-based capital and surplus rules adopted by the  
2 commissioner; or

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

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

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

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

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

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

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

24 (1) this chapter;

25 (2) Sections 822.255 [~~822.204, 822.209, 861.258,~~] and  
26 862.002; and

27 (3) other statutes governing investments by the

1 insurer.

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

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

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

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

13 (1) insurers who are doing or have done an insurance  
14 business in this state and against whom claims arising from that  
15 business may exist now or in the future and to all persons subject  
16 to examination by the commissioner;

17 (2) insurers who purport to do an insurance business  
18 in this state;

19 (3) insurers who have insureds resident in this state;

20 (4) other persons organized or doing insurance  
21 business, or in the process of organizing with the intent to do  
22 insurance business in this state;

23 (5) nonprofit health corporations and all fraternal  
24 benefit societies subject to Chapters 844 and 885, respectively;

25 (6) title insurance companies subject to Title 11;

26 (7) health maintenance organizations subject to  
27 Chapter 843; and

1           (8) surety and trust companies subject to Chapter 7,  
2 [~~general~~] casualty companies subject to Subchapter F, Chapter 822  
3 [~~861~~], statewide mutual assessment companies subject to Chapter  
4 881, mutual insurance companies subject to Chapter 882 or 883,  
5 local mutual aid associations subject to Chapter 886, burial  
6 associations subject to Chapter 888, farm mutual insurance  
7 companies subject to Chapter 911, county mutual insurance companies  
8 subject to Chapter 912, Lloyd's plans subject to Chapter 941,  
9 reciprocal or interinsurance exchanges subject to Chapter 942, and  
10 fidelity, guaranty, and surety companies.

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

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

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

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

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

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

22                           (ii) applicable rules or guidelines adopted  
23 by the commissioner under Section 801.024 [~~822.210, 841.205,~~] or  
24 843.404.

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

27           (b) The commissioner may identify collected penalties to be

1 deposited into the fund account from:

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

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

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

14 (4) administrative penalties assessed by the  
15 commissioner against a person holding a certificate of authority,  
16 license, registration, or authorization issued or recognized by the  
17 commissioner for using unapproved forms, rates, or advertisements  
18 if the forms, rates, or advertisements are required to be approved  
19 by the commissioner before being used in this state; and

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

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

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

25 (1) a life insurance company;

26 (2) a health insurance company;

27 (3) an accident insurance company;

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

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

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

25                   (A) a life, health, and accident insurance  
26 company operating under Chapter 841 or 982;

27                   (B) a [~~general~~] casualty insurance company

1 operating under Subchapter F, Chapter 822 [~~861~~];

2 (C) a fraternal benefit society operating under  
3 Chapter 885;

4 (D) a mutual life insurance company operating  
5 under Chapter 882;

6 (E) a local mutual aid association operating  
7 under Chapter 886;

8 (F) a statewide mutual assessment company  
9 operating under Chapter 881;

10 (G) a mutual assessment company or mutual  
11 assessment life, health, and accident association operating under  
12 Chapter 887;

13 (H) a mutual insurance company operating under  
14 Chapter 883 that writes coverage other than life insurance;

15 (I) a Lloyd's plan operating under Chapter 941;

16 (J) a reciprocal exchange operating under  
17 Chapter 942; and

18 (K) a stipulated premium company operating under  
19 Chapter 884.

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

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

24 (A) a county mutual insurance company;

25 (B) a farm mutual insurance company;

26 (C) a fire and marine insurance company;

27 (D) a fraternal benefit society;

- 1 (E) a [~~general~~] casualty company;
- 2 (F) a group hospital service corporation;
- 3 (G) a health maintenance organization;
- 4 (H) a life, health, and accident insurance  
5 company;
- 6 (I) a Lloyd's plan;
- 7 (J) a local mutual aid association;
- 8 (K) a mutual life insurance company;
- 9 (L) a mutual insurance company other than a  
10 mutual life insurance company;
- 11 (M) a nonprofit legal services corporation;
- 12 (N) a reciprocal exchange;
- 13 (O) a statewide mutual assessment company;
- 14 (P) a stipulated premium insurance company;
- 15 (Q) a surety and trust company; and
- 16 (R) a title insurance company.

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

19 Sec. 826.203. APPLICABILITY OF CERTAIN LAWS;  
20 INCORPORATION. A mutual holding company that results from the  
21 reorganization of a domestic mutual insurance company operating  
22 [~~organized~~] under Chapter 883 must be organized under Chapter 801  
23 [~~Sections 883.051, 883.052, 883.054, and 883.056~~]. The articles of  
24 incorporation, and any amendments to those articles, of the mutual  
25 holding company are subject to approval of the commissioner in the  
26 same manner as those of a mutual insurance company.

27 SECTION 2.17. Section 829.004(d), Insurance Code, is



1 amended to read as follows:

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

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

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

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

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

26 (2) the amount of capital held by the company on  
27 December 31, 1991, plus 20 percent of the difference between that

1 amount and an amount equal to the minimum amount of capital required  
2 for a newly incorporated company under former Section 841.054, if  
3 the last date that the company writes a policy described by  
4 Subsection (a) is during 1994;

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

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

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

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

1 Subsection (a) is during 1998;

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

8 (8) the amount of capital held by the company on  
9 December 31, 1991, plus 80 percent of the difference between that  
10 amount and an amount equal to the minimum amount of capital required  
11 for a newly incorporated company under former Section 841.054, if  
12 the last date that the company writes a policy described by  
13 Subsection (a) is during 2000; and

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

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

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

25 (d) The annual and quarterly reports [~~report~~] filed by the  
26 health maintenance organization shall be made publicly available on  
27 the department's Internet website in a user-friendly format that

1 allows consumers to make direct comparisons of the financial and  
2 other data reported by health maintenance organizations under this  
3 section.

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

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

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

10 Sec. 862.151. REDUCTION OF CAPITAL STOCK AND PAR VALUE OF  
11 SHARES. (a) If the minimum surplus of a fire, marine, or inland  
12 marine insurance company is impaired in excess of the amount  
13 permitted under Subchapter B, Chapter 404, the commissioner may  
14 allow the company to amend its charter [~~as provided by Sections~~  
15 ~~822.157 and 822.158~~] to reduce the amount of the company's capital  
16 stock and the par value of its shares in proportion to the extent of  
17 the permitted amount of impairment.

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

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

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

23 (2) [~~(3)~~] shall retain the remainder of the assets and  
24 property on hand as surplus assets;

25 (3) [~~(4)~~] may not distribute any of the assets or  
26 property to the shareholders; and

27 (4) [~~(5)~~] may not reduce the capital stock or surplus

1 of the company to an amount less than the minimum capital and the  
2 minimum surplus required by Section [~~Sections~~] 822.202, [~~822.210,~~  
3 ~~and 822.211,~~] subject to Subchapter B, Chapter 404.

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

6 (b) The company shall promptly call on its shareholders for  
7 an amount necessary to make the company's capital and surplus equal  
8 to the amount required by Section 801.023 [~~Sections 822.054 and~~  
9 ~~822.210~~], subject to Subchapter B, Chapter 404.

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

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

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

17 (2) issue a new certificate for a number of shares that  
18 the shareholder may be entitled to in the proportion that the value  
19 of the funds of the company, computed without inclusion of any money  
20 or other property paid by shareholders in response to the notice  
21 under Section 862.152, bears to the total amount of the original  
22 capital and the minimum surplus of the company required by Section  
23 801.023 [~~822.054 or 822.210~~], subject to Subchapter B, Chapter 404.

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

26 Sec. 862.154. CREATION AND DISPOSAL OF NEW STOCK. (a) A  
27 fire, marine, or inland marine insurance company that complies with

1 Section 801.037 [~~Sections 822.155, 822.157, and 822.158~~] may:

- 2 (1) create new stock;
- 3 (2) dispose of the new stock according to applicable
- 4 law; and
- 5 (3) issue new certificates for the new stock.

6 (b) The insurance company shall sell any new stock created

7 under Subsection (a) for an amount sufficient to make up any

8 impairment of the company's required minimum capital and to make up

9 the surplus of the company as required by Section 801.023 [~~822.054~~

10 ~~or 822.210~~], subject to Subchapter B, Chapter 404, but may not

11 impair the capital of the company.

12 SECTION 2.25. Section 882.201, Insurance Code, is amended

13 to read as follows:

14 Sec. 882.201. APPLICABILITY OF SUBCHAPTER. This subchapter

15 does not apply to a mutual life insurance company organized under

16 this chapter that has a surplus of at least the minimum amount of

17 capital and surplus required of a capital stock company under

18 Sections 801.023, 801.024 [~~841.054, 841.204, 841.205~~], 841.301,

19 and 841.302.

20 SECTION 2.26. Section 882.301(a), Insurance Code, is

21 amended to read as follows:

22 (a) A mutual life insurance company that engages in the

23 business of insurance in this state shall maintain an unencumbered

24 surplus of at least \$100,000 that consists of cash or classes of

25 investment authorized by Section 801.023 [~~as provided by Section~~

26 ~~882.055~~].

27 SECTION 2.27. Section 882.451, Insurance Code, is amended

1 to read as follows:

2           Sec. 882.451. APPLICABILITY OF CERTAIN PROVISIONS.  
3 Sections 882.452, 882.453, and 882.454 do not apply to a mutual life  
4 insurance company organized under this chapter that has a surplus  
5 of at least the minimum amount of capital and surplus required of a  
6 capital stock company under Sections 801.023, 801.024 [~~841.054,~~  
7 ~~841.204, 841.205~~], 841.301, and 841.302.

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

10           (c) At a meeting under Subsection (a), each policyholder [+  
11           ~~[(1) is entitled to the number of votes as provided by~~  
12 ~~Section 882.155, and~~

- 13           ~~[(2)]~~ may vote:  
14           (1) ~~[(A)]~~ in person;  
15           (2) ~~[(B)]~~ by written proxy; or  
16           (3) ~~[(C)]~~ by mailed ballot.

17           SECTION 2.29. Section 882.701, Insurance Code, is amended  
18 to read as follows:

19           Sec. 882.701. APPLICABILITY OF SUBCHAPTER. This subchapter  
20 does not apply to a mutual life insurance company organized under  
21 this chapter that has a surplus of at least the minimum amount of  
22 capital and surplus required of a capital stock company under  
23 Sections 801.023, 801.024 [~~841.054, 841.204, 841.205~~], 841.301,  
24 and 841.302.

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

27           (c) The following provisions of this code apply to a

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



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

3 Sec. 884.402. ADDITIONAL COVERAGE. A stipulated premium  
4 company that, at the time it begins to issue coverages under this  
5 subchapter, possesses the amounts of capital and unencumbered  
6 surplus equal to or greater than the corresponding amounts required  
7 for organization of a life and health company under Sections  
8 801.023, 801.024 [~~841.052, 841.054, 841.204, 841.205~~], 841.301,  
9 and 841.302 may, subject to Section 884.403:

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

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

14 (A) Title 7;

15 (B) Chapter 3, 704, 841, 846, 982, 1201, 1202,  
16 1203, 1210, 1251, 1252, 1253, 1254, 1301, 1351, 1354, 1359, 1364,  
17 1368, 1501, 1504, 1505, 1506, 1552, 1575, 1576, 1579, 1581, 1625,  
18 1651, 1652, or 1701;

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

21 (D) Subchapter B, Chapter 38, Subchapter D,  
22 Chapter 425, Subchapter A or F, Chapter 1204, Subchapter A, Chapter  
23 1273, Subchapter A, B, or D, Chapter 1355, Subchapter A, Chapter  
24 1366, Subchapter A, Chapter 1507;

25 (E) Section 1204.151, 1204.153, 1204.154, or  
26 1451.051; or

27 (F) Chapter 177, Local Government Code; or

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

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

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

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

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

13           (3) the conversion must comply with Chapter 801  
14 [~~Sections 882.056(a) and (b), 882.057, 882.058, 882.059, and~~  
15 ~~882.101~~].

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

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

20           (A) the amount of the surplus, the amount of  
21 capital stock authorized, and the number of shares into which the  
22 capital stock is divided; and

23           (B) the amount of capital stock to be immediately  
24 paid in;

25           (2) the amounts and form of the surplus and capital  
26 must comply with Sections 801.023, 801.024 [~~841.054, 841.055,~~  
27 ~~841.056, 841.057, 841.204, 841.205~~], 841.301, and 841.302; and

1           (3) the conversion must comply with Chapter 801  
2 ~~[Sections 841.058, 841.059(a)(1), 841.060, 841.061, 841.062, and~~  
3 ~~841.063]~~.

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

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

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

14           (2) that are not governed by:

15                   (A) Subchapter F, Chapter 882;

16                   (B) Chapter 841, [861,] 882, 883, 885, 941, or  
17 942; or

18                   (C) [4B] Chapter 5, Title 78, Revised Statutes,  
19 as provided by Section 18, Chapter 40, Acts of the 41st Legislature,  
20 1st Called Session, 1929, as amended by Section 1, Chapter 60,  
21 General Laws, Acts of the 41st Legislature, 2nd Called Session,  
22 1929.

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

25           Sec. 887.504. AMENDMENT OF CHARTER OR ARTICLES OF  
26 ASSOCIATION REQUIRED. On authorization under Section 887.503, the  
27 board of directors and officers of the association shall amend the

1 association's charter or articles of association to comply with  
2 Chapter 801 as applicable to a stock legal reserve life insurance  
3 company [~~Sections 841.051, 841.052, and 841.053~~].

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

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

8 (1) Subchapter A, Chapter 32;

9 (2) Subchapter D, Chapter 36;

10 (3) Sections 31.002(2), 32.021(c), 32.023, 32.041,  
11 33.002, 38.001, 81.001-81.004, 201.005, 201.055, 401.051, 401.052,  
12 401.054-401.062, 401.103-401.106, 401.151, 401.152, 401.155,  
13 401.156, 421.001, 801.052-801.055 [~~801.051-801.055~~], 801.057,  
14 801.101, 801.102, [~~822.204~~] 841.004, 841.251, 841.252, 862.101,  
15 1806.001, 1806.101, 1806.103(b), and 1806.104-1806.107;

16 (4) Chapter 86;

17 (5) Subchapter A, Chapter 401;

18 (6) Subchapter B, Chapter 404;

19 (7) Chapter 422;

20 (8) Subchapter B, Chapter 424, other than Section  
21 424.052, 424.072, or 424.073;

22 (9) Chapter 441;

23 (10) Chapter 443;

24 (11) Chapter 462;

25 (12) Chapter 481;

26 (13) Chapter 541;

27 (14) Chapter 802;

1 (15) Subchapter A, Chapter 805;

2 (16) Chapter 824; and

3 (17) Article 1.09-1.

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

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

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

13 (c) A company described by Subsection (b) shall invest the  
14 minimum unencumbered surplus as provided by Subchapter A-1, Chapter  
15 801 [~~Section 822.204~~]. The company may invest funds in excess of  
16 the minimum unencumbered surplus as provided by the provisions of  
17 Subchapter B, Chapter 424, other than Sections 424.052, 424.072,  
18 and 424.073.

19 SECTION 2.38. Section 912.002(b), Insurance Code, is  
20 amended to read as follows:

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

22 (1) Sections 38.001, 401.051, 401.052,  
23 401.054-401.062, 401.151, 401.152, 401.155, 401.156, 501.159,  
24 501.202, 501.203, [~~822.204~~] 1806.001, 1806.101, 1806.103(b),  
25 1806.104-1806.107, 2002.002, and 2002.005;

26 (2) Subchapter A, Chapter 86;

27 (3) Subchapter A, Chapter 401;

1 (4) the provisions of Subchapter B, Chapter 424, other  
2 than Sections 424.052, 424.072, and 424.073;

3 (5) Chapters 221, 251, 252, 254, 541, and 2210; and

4 (6) Articles 5.39 and 5.40.

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

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

12 (1) \$25,000, if the company is organized to write  
13 insurance coverage locally in only the county of its domicile;

14 (2) \$50,000, if the company is organized to write  
15 insurance coverage in only the county of its domicile and any  
16 adjacent county; or

17 (3) an amount equal to the aggregate of the minimum  
18 capital and minimum surplus required under Sections 801.023 and  
19 [~~822.054,~~] 822.202 [~~, 822.210, and 822.211,~~] for a fire insurance  
20 company if the county mutual insurance company is organized to  
21 write insurance coverage statewide.

22 (b) Except as provided by Section 912.056, a county mutual  
23 insurance company is subject to Subchapter B, Chapter 404, and  
24 Section [~~Sections 822.203, 822.210, and~~] 822.212.

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

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

1 (1) Subchapter A, Chapter 5, Chapter 254, Subchapters  
2 A and B, Chapter 1806, and Subtitle C, Title 10;

3 (2) Articles 5.35, 5.39, and 5.40;

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

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

8 (5) Subchapter A, Chapter 401;

9 (6) Subchapter B, Chapter 404;

10 (7) Subchapter C, Chapter 1806; and

11 (8) Sections 38.001, 501.159, [~~822.203~~] 822.205,  
12 [~~822.210~~] 822.212, 2002.005, 2002.051, and 2002.052.

13 (d) Underwriters and their attorney in fact are subject to  
14 Sections 801.021, 801.031, 801.032 [~~822.051, 822.057, 822.058,~~  
15 ~~822.059, 822.060~~], and 822.201, except that:

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

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

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

23 Sec. 941.103. ISSUANCE OF CERTIFICATE OF AUTHORITY. On  
24 determination by the department that the underwriters and attorney  
25 in fact have complied with the law, the department shall, in  
26 accordance with Sections 801.001, 801.002, 801.052-801.055  
27 [~~801.051-801.055~~], 801.057, and 801.101, issue a certificate of

1 authority to the attorney in fact.

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

4 (a) The minimum guaranty fund and surplus required of a  
5 Lloyd's plan under Sections 801.023 [~~822.054~~], 822.202, [~~822.210,~~  
6 ~~822.211,~~] and 941.201 must be:

7 (1) in cash; or

8 (2) invested as provided by the[~~+~~

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

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

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

15 Sec. 941.353. REQUIREMENTS OF CONVERSION PLAN. The  
16 conversion plan must provide that a capital stock insurance company  
17 will be formed in accordance with Chapter 822, except that:

18 (1) the company's required minimum capital and surplus  
19 must equal the required minimum guaranty fund and surplus of the  
20 Lloyd's plan;

21 (2) the company's assets may be in cash or in the form  
22 of an investment lawfully held by the Lloyd's plan; and

23 (3) an original examination [~~under Section~~  
24 ~~822.058(b)~~] is not required unless directed by the commissioner.

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

27 (b) An exchange is subject to:



1           (1) Subchapter A, Chapter 5, Chapter 254, Subchapters  
2 A and B, Chapter 1806, and Subtitle C, Title 10;

3           (2) Articles 5.35, 5.39, and 5.40;

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

7           (4) Chapters 402, 541, and 2253;

8           (5) Subchapter A, Chapter 401, and Sections 401.051,  
9 401.052, 401.054-401.062 [~~401.054, 401.055, 401.056, 401.057,~~  
10 ~~401.058, 401.059, 401.060, 401.061, 401.062~~], 401.151, 401.152,  
11 401.155, and 401.156;

12           (6) Subchapter B, Chapter 404;

13           (7) Subchapter C, Chapter 1806; and

14           (8) Sections 38.001, 501.159, [~~822.203,~~] 822.205,  
15 [~~822.210,~~] 822.212, 822.254 [~~861.254(a)-(f), 861.255~~], 862.001(b),  
16 862.003, 2002.002, 2002.005, 2002.051, and 2002.052.

17           (e) Subscribers and their attorney in fact are subject to  
18 Sections 801.021, 801.031, 801.032 [~~822.051, 822.057-822.060~~], and  
19 822.201, except that:

20           (1) the declaration of the subscribers prescribed by  
21 Section 942.053 replaces the articles of incorporation; and

22           (2) the unencumbered surplus of the exchange  
23 constitutes capital structure for purposes of Section 801.032  
24 [~~822.060~~].

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

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

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

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

8 (b) The declaration must include:

9 (1) the name of the proposed exchange;

10 (2) the kinds of insurance to be provided under the  
11 reciprocal or interinsurance contract;

12 (3) a copy of the form of the power of attorney or  
13 other authorization of the attorney in fact under which the  
14 insurance is to be provided;

15 (4) the location of each office from which the  
16 reciprocal or interinsurance contracts are to be issued; and

17 (5) any other information prescribed by the  
18 department [~~, including an affidavit comparable to the affidavit~~  
19 ~~prescribed by Section 822.057(a)(3)].~~

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

22 (a) An attorney in fact must hold a certificate of authority  
23 issued by the department under Sections 801.001, 801.002,  
24 801.052-801.055 [~~801.051-801.055~~], 801.057, 801.101, and 801.102.

25 A certificate of authority obtained in accordance with this section  
26 authorizes the attorney in fact named in the certificate to  
27 exercise all powers and perform all duties of an attorney in fact.

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

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

4 (1) minimum surplus requirements[~~, as provided by~~  
5 ~~Section 822.204~~]; and

6 (2) other funds, as provided by the provisions of  
7 Subchapter B, Chapter 424, other than Sections 424.052, 424.072,  
8 and 424.073.

9 SECTION 2.49. Section 961.002(b), Insurance Code, is  
10 amended to read as follows:

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

16 (1) Articles 1.09-1 and 21.47;

17 (2) Sections 31.002, 31.004, 31.007, 31.021, 31.022,  
18 31.023, 31.026, 31.027, 32.021, 32.022(a), 32.023, 33.002, 33.006,  
19 36.108, 38.001, 81.004, 201.005, 201.055, 401.051, 401.052,  
20 401.054-401.062, 401.103-401.106, 401.151, 401.152, 401.155,  
21 401.156, 801.001, 801.002, 801.052-801.055 [~~801.051-801.055~~],  
22 801.057, 801.101, 801.102, 841.251, and 841.252;

23 (3) Subchapter B, Chapter 31;

24 (4) Subchapters A and C, Chapter 32;

25 (5) Subchapter D, Chapter 36;

26 (6) Subchapter A, Chapter 401;

27 (7) Subchapter A, Chapter 542;

1 (8) Subchapter A, Chapter 805; and

2 (9) Chapters 86, 402, 441, 443, 481, 541, 802, and 824.

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

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

8 (1) the other chapters of this code, including:

9 (A) Chapter 221;

10 (B) Chapter 281, other than any minimum capital  
11 and surplus requirements specified in that chapter;

12 (C) Chapter 822, including Sections [~~822.203,~~  
13 822.205[~~, 822.210,~~] and 822.212; and

14 (D) [~~Chapter 861, and~~

15 [~~(E)~~] Chapter 402; and

16 (2) Section 171.0525, Tax Code.

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

19 Sec. 962.054. INSURERS NOT MEETING CERTAIN REQUIREMENTS.  
20 To write the insurance coverages authorized by Section 962.101, a  
21 domestic or foreign insurer that does not meet the requirements of  
22 Sections 962.051 and 962.052 must comply with Chapter [~~Chapters~~  
23 822 [~~and 861~~].

24 SECTION 2.52. Section 962.055, Insurance Code, is amended  
25 to read as follows:

26 Sec. 962.055. CAPITAL AND SURPLUS REQUIREMENTS. A domestic  
27 or foreign insurer operating under this chapter shall maintain the

1 minimum capital and surplus required by Section [~~Sections~~] 801.023  
2 [~~822.054, 822.210, and 822.211~~].

3 SECTION 2.53. Section 982.251, Insurance Code, is amended  
4 to read as follows:

5 Sec. 982.251. TRUSTEED SURPLUS OF ALIEN INSURANCE COMPANY.  
6 The total value of an alien insurance company's general state  
7 deposits and trustee assets less the total net amount of all the  
8 company's liabilities and reserves in the United States [~~, as~~  
9 ~~determined in accordance with Section 982.252,~~] is the company's  
10 trustee surplus in the United States.

11 SECTION 2.54. Section 1102.001(2), Insurance Code, is  
12 amended to read as follows:

- 13 (2) "Insurer" means any insurer, including a:
- 14 (A) life, accident, health, or casualty  
15 insurance company;
  - 16 (B) mutual life insurance company;
  - 17 (C) mutual insurance company other than a life  
18 insurance company;
  - 19 (D) mutual or natural premium life insurance  
20 company;
  - 21 (E) [~~general~~] casualty company;
  - 22 (F) Lloyd's plan or a reciprocal or  
23 interinsurance exchange;
  - 24 (G) fraternal benefit society; or
  - 25 (H) group hospital service corporation.

26 SECTION 2.55. Section 1132.001(a), Insurance Code, is  
27 amended to read as follows:

1 (a) In this section, "insurer" means:

2 (1) a life insurance company;

3 (2) an accident insurance company;

4 (3) a [~~general~~] casualty [~~insurance~~] company;

5 (4) a mutual life insurance company;

6 (5) a mutual or natural premium life insurance  
7 company;

8 (6) a fraternal benefit society; or

9 (7) a local mutual aid association.

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

12 (b) The company shall file the statement:

13 (1) on a form prescribed or approved by the  
14 department; and

15 (2) simultaneously with the annual statement required  
16 by Chapter 802 [~~Sections 841.255 and 882.003~~].

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

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

22 (1) a life, health, and accident insurance company;

23 (2) a mutual insurance company, including:

24 (A) a mutual life insurance company; and

25 (B) a mutual assessment life insurance company;

26 (3) a local mutual aid association;

27 (4) a mutual or natural premium life or casualty

1 insurance company;

2 (5) a [~~general~~] casualty company;

3 (6) a Lloyd's plan;

4 (7) a reciprocal or interinsurance exchange;

5 (8) a nonprofit hospital, medical, or dental service  
6 corporation, including a corporation operating under Chapter 842;  
7 or

8 (9) another insurer required by law to be authorized  
9 by the department.

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

12 (6) "Insurer" means an insurance company,  
13 association, or organization authorized to engage in business in  
14 this state under Subchapter F, Chapter 822, or Chapter 841, [861,]  
15 881, 882, 883, 884, 885, 886, 887, 888, 941, 942, or 982.

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

18 (a) In this section, "insurer" means:

19 (1) a life insurance company;

20 (2) a health insurance company;

21 (3) an accident insurance company;

22 (4) a [~~general~~] casualty company;

23 (5) a mutual life insurance company or other mutual  
24 insurance company;

25 (6) a mutual or natural premium life insurance  
26 company;

27 (7) a Lloyd's plan;

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

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

7 (3) "Insurer" means an insurance company,  
8 association, or organization authorized to engage in business in  
9 this state under Subchapter F, Chapter 822, or Chapter 841, 842,  
10 ~~[861,]~~ 881, 882, 883, 884, 885, 886, 887, 888, 941, 942, or 982.

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

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

22 (1) a fraternal benefit society operating under  
23 Chapter 885;

24 (2) a ~~[general]~~ casualty company operating under  
25 Subchapter F, Chapter 822 ~~[861]~~;

26 (3) a life, health, and accident insurance company  
27 operating under Chapter 841 or 982;



- 1           (4) a Lloyd's plan operating under Chapter 941;
- 2           (5) a local mutual aid association operating under  
3 Chapter 886;
- 4           (6) a mutual insurance company writing insurance other  
5 than life insurance operating under Chapter 883;
- 6           (7) a mutual life insurance company operating under  
7 Chapter 882;
- 8           (8) a reciprocal exchange operating under Chapter 942;
- 9           (9) a statewide mutual assessment company, mutual  
10 assessment company, or mutual assessment life, health, and accident  
11 association operating under Chapter 881 or 887; and
- 12          (10) a stipulated premium company operating under  
13 Chapter 884.

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

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

- 18           (1) a capital stock insurance company, including a  
19 life, health and accident, or [~~general~~] casualty [~~insurance~~]  
20 company;
- 21           (2) a mutual life insurance company;
- 22           (3) a mutual assessment life insurance company,  
23 including a statewide mutual assessment corporation, local mutual  
24 aid association, and burial association;
- 25           (4) a mutual or mutual assessment association,  
26 including an association subject to Section 887.101;
- 27           (5) a mutual insurance company other than a life

1 insurance company;

2 (6) a mutual or natural premium life or casualty  
3 insurance company;

4 (7) a fraternal benefit society;

5 (8) a Lloyd's plan insurer;

6 (9) a reciprocal or interinsurance exchange;

7 (10) a nonprofit medical, hospital, or dental service  
8 corporation, including a company subject to Chapter 842;

9 (11) a stipulated premium company;

10 (12) a health maintenance organization under Chapter  
11 843; or

12 (13) another insurer required to be licensed by the  
13 department.

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

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

23 (1) a capital stock insurance company, including a  
24 life, health and accident, and [~~general~~] casualty [~~insurance~~]  
25 company;

26 (2) a mutual life insurance company;

27 (3) a mutual assessment life insurance company,

1 including a statewide mutual assessment company, local mutual aid  
2 association, and burial association;

3 (4) a mutual or mutual assessment association of any  
4 kind, including an association subject to Section 887.102;

5 (5) a mutual insurance company other than a life  
6 insurance company;

7 (6) a mutual or natural premium life or casualty  
8 insurance company;

9 (7) a fraternal benefit society;

10 (8) a Lloyd's plan;

11 (9) a reciprocal or interinsurance exchange;

12 (10) a nonprofit hospital, medical, or dental service  
13 corporation, including a corporation operating under Chapter 842;

14 (11) a stipulated premium company;

15 (12) another insurer that by law is required to be  
16 authorized by the department; or

17 (13) a health maintenance organization operating  
18 under Chapter 843, to the extent required by federal law.

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

21 (a) Except as provided by Subsection (b), this chapter  
22 applies to any insurer that uses a document described by Section  
23 1701.002 in this state, including:

24 (1) a life, accident, health, or casualty insurance  
25 company;

26 (2) a mutual life insurance company;

27 (3) a mutual insurance company other than a mutual

1 life insurance company;

2 (4) a mutual or natural premium life insurance  
3 company;

4 (5) a [~~general~~] casualty company;

5 (6) a Lloyd's plan;

6 (7) a reciprocal or interinsurance exchange;

7 (8) a fraternal benefit society; and

8 (9) a group hospital service corporation.

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

11 (c) To enable the department to determine compliance with  
12 Subsection (b), the commissioner:

13 (1) shall require an insurer to file the rates charged  
14 by that insurer for individual accident and health insurance  
15 policies; and

16 (2) may adopt and require an insurer to file in  
17 conjunction with the annual statement required under Chapter 802  
18 [~~Section 841.255, 982.101, or 982.103~~] a form for reporting the  
19 insurer's experience on individual accident and health insurance  
20 policy forms issued by the insurer.

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

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

26 (1) be chartered and authorized to engage in the  
27 business of insurance under Chapter 822, [~~861~~] 883, or 942; and

1           (2) comply with all the laws, rules, and requirements,  
2 including Chapter 804, applicable to insurers authorized to engage  
3 in business under those chapters and with Subchapter D to the extent  
4 those requirements do not limit the laws, rules, or requirements of  
5 this state.

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

8           (a) In addition to all other fees imposed on an insurer  
9 chartered and authorized to engage in business under Chapter 822,  
10 [~~861,~~] 883, or 942, a risk retention group chartered in this state  
11 shall pay a filing fee in an amount not to exceed \$1,000 as set by  
12 rules adopted by the commissioner.

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

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

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

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

27           (1) a corporation incorporated or engaging in business

1 exclusively under this title; or

2 (2) any title insurance business engaged in by a  
3 corporation created under ~~[+~~

4 ~~[(A)]~~ Subdivision 57, Article 1302, Revised  
5 Statutes, before repeal of that statute, ~~[+~~

6 ~~[(B) Chapter 861,~~] or

7 ~~[(C)]~~ any other law.

8 (c) To the extent applicable, the following provisions of  
9 this code apply to a title insurance company:

10 (1) Articles 1.09-1 and 21.47;

11 (2) Subsection (b), Article 1.04D;

12 (3) Chapters 33, 82, 83, 84, 86, 102, 261, 281, 401,  
13 402, 493, 494, 541, 547, 555, 701, 801, 802, 824, 828, 1805, and  
14 2204;

15 (4) Chapter 31, other than Section 31.005;

16 (5) Chapter 32, other than Section 32.022(b);

17 (6) Chapter 36, other than Sections 36.003, 36.004,  
18 and 36.101-36.105 ~~[36.101-36.106]~~;

19 (7) Subchapter A, Chapter 38;

20 (8) Subchapters A-G, Chapter 101;

21 (9) Chapter 982, other than Sections 982.003 and ~~[~~  
22 ~~982.051, 982.101, 982.105, 982.106(b),~~] 982.109~~[, and 982.113]~~;

23 and

24 (10) Sections 37.052, 39.001, 39.002, 81.001, 81.002,  
25 81.004, 201.004, 201.005, 201.051, 201.055, 403.001, 403.051,  
26 403.101, 521.002-521.004, 801.021, 801.022(a)(1), (2), and (4),  
27 801.031 except Subdivision (3), 801.032, 801.037, 801.053,

1 805.021, 822.001, [~~822.051, 822.052(1), (2), and (3), 822.053,~~  
2 ~~822.057, except Subsection (a)(4), 822.058, 822.059, 822.060,~~  
3 ~~822.155, 822.157, 822.158, except Subsection (a)(5),~~] 841.004,  
4 841.251, 841.252(a)-(c), and 4001.103.

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

7 (a) This section applies to a corporation organized under  
8 this title, a foreign corporation, and, to the extent that the  
9 corporation is engaged in the business of title insurance, a  
10 corporation organized under another law, including[~~+~~

11 [~~(1)~~] Subdivision 57, Article 1302, Revised Statutes,  
12 before repeal of that statute[~~+~~ and

13 [~~(2)~~ Chapter 861].

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

16 Sec. 3502.152. CAPITAL AND SURPLUS REQUIREMENTS. An  
17 insurer may not write mortgage guaranty insurance unless the  
18 insurer has the minimum capital and surplus required [~~by Chapter~~  
19 ~~861~~] for a [~~general~~] casualty company under Subchapter F, Chapter  
20 822.

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

23 Sec. 3503.201. MERGER OR CONSOLIDATION OF CERTAIN  
24 COMPANIES. When two or more companies authorized to write  
25 fidelity, guaranty, and surety insurance in this state merge or  
26 consolidate and, incident to the merger or consolidation, enter  
27 into a total reinsurance contract under which the merged or ceding

1 company is dissolved and that company's assets are acquired and  
2 liabilities are assumed by the new or surviving company, the  
3 commissioner, on finding that the contracting companies have on  
4 deposit with the comptroller two or more deposits made for the same  
5 or similar purposes under former Article 7.03, repealed by Chapter  
6 388, Acts of the 55th Legislature, Regular Session, 1957, [~~or~~]  
7 under former Section 861.252, or under Section 822.259 shall  
8 authorize the comptroller to:

9           (1) retain for a single purpose only the deposit of the  
10 greatest amount and value; and

11           (2) permit the new or surviving company, on proper  
12 showing that there is duplication of deposits and that the new or  
13 surviving company is the owner of those deposits, to withdraw a  
14 duplicate or excessive deposit.

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

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

20           (1) Chapters 281, 402, 421-423, 441, 444, 461-463,  
21 541-556, 558, 559, 703, 705, 821, 823-825, 827, 828, 844, 963, 1108,  
22 1205-1208, 1211, 1213, 1214, 1352, 1353, 1357, 1358, 1360-1363,  
23 1369, 1453-1455, 1503, 1550, [~~1801~~] 1803, 2151-2154, 2201-2203,  
24 2205-2213, 3501, 3502, 4007, 4102, and 4201-4203;

25           (2) Chapter 403, excluding Section 403.002;

26           (3) Subchapter A, Chapter 491;

27           (4) Subchapter C, Chapter 521;



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

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

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

- 21 (1) a provision of:
  - 22 (A) Subchapter F, Chapter 822;
  - 23 (B) Chapter 5, 1805, or 2171; or
  - 24 (C) [~~(B)~~] Subtitle B, C, D, E, F, H, or I, Title
  - 25 10; or
- 26 (2) Chapter [~~861,~~] 862, 883, 911, 912, 941, 942, 984,
- 27 or 3503.

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

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

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

8 ARTICLE 3. REPEALER

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

- 11 (1) Section 36.106;
- 12 (2) Section 492.053;
- 13 (3) Section 801.051;
- 14 (4) the heading to Subchapter D, Chapter 801;
- 15 (5) the heading to Subchapter A, Chapter 802;
- 16 (6) the heading to Subchapter B, Chapter 802;
- 17 (7) Section 802.051;
- 18 (8) Section 822.003;
- 19 (9) the heading to Subchapter B, Chapter 822;
- 20 (10) Section 822.055;
- 21 (11) Section 822.056;
- 22 (12) Section 822.058;
- 23 (13) Section 822.061;
- 24 (14) Subchapter C, Chapter 822;
- 25 (15) the heading to Subchapter D, Chapter 822;
- 26 (16) Section 822.151;
- 27 (17) Section 822.152;

- 1 (18) Section 822.153;
- 2 (19) Section 822.154;
- 3 (20) Section 822.156;
- 4 (21) Section 822.157;
- 5 (22) Section 822.158;
- 6 (23) Section 822.203;
- 7 (24) Section 822.204;
- 8 (25) Section 822.210;
- 9 (26) Section 822.211;
- 10 (27) the heading to Subchapter B, Chapter 841;
- 11 (28) Section 841.051;
- 12 (29) Section 841.052;
- 13 (30) Section 841.053;
- 14 (31) Section 841.055;
- 15 (32) Section 841.056;
- 16 (33) Section 841.057;
- 17 (34) Section 841.058;
- 18 (35) Section 841.059;
- 19 (36) Section 841.061;
- 20 (37) Section 841.062;
- 21 (38) Section 841.063;
- 22 (39) the heading to Subchapter C, Chapter 841;
- 23 (40) Section 841.101;
- 24 (41) Section 841.102;
- 25 (42) Section 841.103;
- 26 (43) Subchapter D, Chapter 841;
- 27 (44) Section 841.202;

- 1 (45) Section 841.203;
- 2 (46) Section 841.204;
- 3 (47) Section 841.255;
- 4 (48) the heading to Chapter 861;
- 5 (49) Subchapter A, Chapter 861;
- 6 (50) Subchapter B, Chapter 861;
- 7 (51) Subchapter C, Chapter 861;
- 8 (52) the heading to Subchapter D, Chapter 861;
- 9 (53) Section 861.151;
- 10 (54) Section 861.152;
- 11 (55) Section 861.153;
- 12 (56) Section 861.155;
- 13 (57) Subchapter E, Chapter 861;
- 14 (58) the heading to Subchapter F, Chapter 861;
- 15 (59) Section 861.253;
- 16 (60) Section 861.254;
- 17 (61) Section 861.256;
- 18 (62) Section 861.257;
- 19 (63) the heading to Subchapter O, Chapter 861;
- 20 (64) Section 882.002;
- 21 (65) Section 882.003;
- 22 (66) Subchapter B, Chapter 882;
- 23 (67) Subchapter C, Chapter 882;
- 24 (68) Subchapter D, Chapter 882;
- 25 (69) Subchapter B, Chapter 883;
- 26 (70) Subchapter C, Chapter 883;
- 27 (71) Section 883.151;

- 1 (72) Section 883.201;
- 2 (73) Section 883.202;
- 3 (74) Section 883.204;
- 4 (75) Subchapter O, Chapter 883;
- 5 (76) Section 982.004;
- 6 (77) Subchapter B, Chapter 982;
- 7 (78) Section 982.101;
- 8 (79) Section 982.102;
- 9 (80) Section 982.103;
- 10 (81) Section 982.104;
- 11 (82) Section 982.105;
- 12 (83) Section 982.106;
- 13 (84) Section 982.113;
- 14 (85) Section 982.252; and
- 15 (86) Section 982.306.

16 ARTICLE 4. EFFECTIVE DATE

17 SECTION 4.01. This Act takes effect immediately if it  
18 receives a vote of two-thirds of all the members elected to each  
19 house, as provided by Section 39, Article III, Texas Constitution.  
20 If this Act does not receive the vote necessary for immediate  
21 effect, this Act takes effect September 1, 2013.