

By: Leman

H.B. No. 2665

A BILL TO BE ENTITLED

AN ACT

relating to the size, terms, and election of boards of directors of certain insurance companies.

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

SECTION 1. Section 822.152(b), Insurance Code, is amended to read as follows:

(b) The board consists of not fewer than five [~~seven~~] directors. A director:

(1) is not required to be a shareholder unless such a qualification is required by the articles of incorporation or bylaws of the company; and

(2) serves until the director's successor is elected and accepts the position.

SECTION 2. Section 822.153(b), Insurance Code, is amended to read as follows:

(b) The shareholders of an insurance company shall meet annually [~~before May 1 of each year~~] as provided by the company's bylaws to elect successor directors.

SECTION 3. Section 841.153(b), Insurance Code, is amended to read as follows:

(b) After the directors are first elected under this section, the annual meeting must be held [~~before May 1 of~~] each year as established by the company's bylaws. The directors serve one-year terms beginning immediately after the election, except as

1 provided by Section 841.154.

2 SECTION 4. The heading to Section 841.154, Insurance Code,
3 is amended to read as follows:

4 Sec. 841.154. STAGGERED TERMS FOR [~~LARGE BOARD OF~~]
5 DIRECTORS.

6 SECTION 5. Section 841.154(a), Insurance Code, is repealed.

7 SECTION 6. The changes in law made by this Act apply only to
8 the election of members of the board of directors of an insurance
9 company who are elected on or after the effective date of this Act.
10 The election of members of the board of directors of an insurance
11 company who were elected before the effective date of this Act is
12 governed by the law in effect when that election was held, and that
13 law is continued in effect for that purpose.

14 SECTION 7. This Act takes effect September 1, 2021.