

BILL ANALYSIS

Senate Research Center
88R7380 JES-F

H.B. 1903
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas law requires insurance companies to issue at least 50 percent of their authorized shares of stock before receiving a charter or filing a charter amendment to increase their authorized shares. Because capital stock requirements differ from state to state, Texas-domiciled insurers sometimes must request Texas Department of Insurance (TDI) approval to increase the number of authorized shares before expanding to other states. TDI recommends removing this 50 percent requirement, as doing so would reduce regulatory burdens on insurers without harming consumers. H.B. 1903 removes the requirement from the law.

H.B. 1903 amends current law relating to capital stock requirements for certain insurance companies.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 822.056(d), Insurance Code, as follows:

(d) Requires the shareholders of an insurance company authorizing shares of stock without par value to pay a total amount of at least \$250,000 for the shares, rather than to in good faith subscribe and pay for shares representing at least 50 percent of the authorized shares without par value, before the company is granted a charter or has its charter amended to authorize the issuance of shares without par value. Makes a nonsubstantive change.

SECTION 2. Amends Section 841.057(c), Insurance Code, as follows:

(c) Requires the shareholders of an insurance company authorizing shares of stock without par value to pay a total amount of at least \$250,000 for the shares, rather than to in good faith subscribe and pay for shares representing at least 50 percent of the authorized shares without par value, before the company is granted a charter or has its charter amended to authorize the issuance of shares without par value. Makes a nonsubstantive change.

SECTION 3. Repealers: Sections 822.055(d) (relating to requiring the shareholders of an insurance company authorizing par value shares of stock to in good faith subscribe and fully pay for shares representing at least a certain amount before certain criteria are met) and 841.055(c) (relating to authorizing the insurance company by an amendment to its charter to increase or decrease the total number of shares of stock the company is authorized to issue if certain criteria are met), Insurance Code.

Repealer: Section 841.056(d) (relating to requiring the shareholders of an insurance company authorizing par value shares of stock to in good faith subscribe and fully pay for shares representing at least a certain amount before certain actions are taken), Insurance Code.

SECTION 4. Effective date: September 1, 2023.