

1 AN ACT
2 relating to capital stock and surplus requirements for certain
3 insurance companies.

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

5 SECTION 1. Section 822.054(a), Insurance Code, is amended
6 to read as follows:

7 (a) An insurance company must have capital stock in an
8 amount of at least \$2.5 [~~\$1~~] million and surplus in an amount of at
9 least \$2.5 [~~\$1~~] million.

10 SECTION 2. Sections 822.212(a) and (b), Insurance Code, are
11 amended to read as follows:

12 (a) Notwithstanding Section 822.203, to engage in the kinds
13 of insurance business for which an insurance company organized
14 under this chapter holds a certificate of authority in this state,
15 an insurance company organized under this chapter that on September
16 1, 2009 [~~1991~~], had less than the minimum amount of capital and
17 surplus required for a newly incorporated company under Section
18 822.054 must:

19 (1) not later than December 31, 2010 [~~2000~~], have
20 increased the amount of its capital by at least 10 [~~90~~] percent of
21 the difference between the amount of minimum capital required for a
22 newly incorporated company under Section 822.054 and the amount of
23 the company's capital on December 31, 2009 [~~1991~~]; [~~and~~]

24 (2) not later than December 31, 2011, have increased

1 the amount of its capital by at least 20 percent of the difference
2 between the amount of minimum capital required for a newly
3 incorporated company under Section 822.054 and the amount of the
4 company's capital on December 31, 2009;

5 (3) not later than December 31, 2012, have increased
6 the amount of its capital by at least 30 percent of the difference
7 between the amount of minimum capital required for a newly
8 incorporated company under Section 822.054 and the amount of the
9 company's capital on December 31, 2009;

10 (4) not later than December 31, 2013, have increased
11 the amount of its capital by at least 40 percent of the difference
12 between the amount of minimum capital required for a newly
13 incorporated company under Section 822.054 and the amount of the
14 company's capital on December 31, 2009;

15 (5) not later than December 31, 2014, have increased
16 the amount of its capital by at least 50 percent of the difference
17 between the amount of minimum capital required for a newly
18 incorporated company under Section 822.054 and the amount of the
19 company's capital on December 31, 2009;

20 (6) not later than December 31, 2015, have increased
21 the amount of its capital by at least 60 percent of the difference
22 between the amount of minimum capital required for a newly
23 incorporated company under Section 822.054 and the amount of the
24 company's capital on December 31, 2009;

25 (7) not later than December 31, 2016, have increased
26 the amount of its capital by at least 70 percent of the difference
27 between the amount of minimum capital required for a newly

1 incorporated company under Section 822.054 and the amount of the
2 company's capital on December 31, 2009;

3 (8) not later than December 31, 2017, have increased
4 the amount of its capital by at least 80 percent of the difference
5 between the amount of minimum capital required for a newly
6 incorporated company under Section 822.054 and the amount of the
7 company's capital on December 31, 2009;

8 (9) not later than December 31, 2018, have increased
9 the amount of its capital by at least 90 percent of the difference
10 between the amount of minimum capital required for a newly
11 incorporated company under Section 822.054 and the amount of the
12 company's capital on December 31, 2009; and

13 (10) not later than December 31, 2019 [~~2001~~], have at
14 least the minimum amount of capital required under Section 822.054
15 for a newly incorporated company.

16 (b) An insurance company that on September 1, 2009 [~~1991~~],
17 had less than the minimum amount of capital and surplus required for
18 a newly incorporated company under Section 822.054 shall
19 immediately increase the amount of its capital and surplus to an
20 amount equal to the required amount of capital and surplus under
21 Section 822.054 if there is:

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

24 (2) a change in the control of at least 50 percent of
25 the voting securities of a holding company controlling the
26 insurance company; or

27 (3) a change in control of at least 50 percent by any

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1 other method of control if the insurance company or holding company
2 is not controlled by voting securities.

3 SECTION 3. This Act takes effect September 1, 2009.

Rand Luthurst

President of the Senate

John Strawn

H.B. No. 1476

Speaker of the House

I certify that H.B. No. 1476 was passed by the House on April 15, 2009, by the following vote: Yeas 147, Nays 0, 1 present, not voting.

Robert Haney

Chief Clerk of the House

I certify that H.B. No. 1476 was passed by the Senate on May 21, 2009, by the following vote: Yeas 31, Nays 0.

Daisy Spaw

Secretary of the Senate

APPROVED: 19 JUN 09
Date

RICK PERRY
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
2 PM O'CLOCK

JUN 19 2009

Colby Hunter III