

SUBJECT: Modifying capital stock requirements for certain insurance companies

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Oliverson, Vo, J. González, Hull, Israel, Middleton, Paul,
Romero, Sanford

0 nays

WITNESSES: For — (*Registered, but did not testify:* Jennifer Cawley, Texas Association
of Life and Health Insurers)

Against — None

On — Luke Bellsnyder, Texas Department of Insurance

BACKGROUND: Insurance Code secs. 822.056(d) and 841.057(c) require the shareholders of certain insurance companies authorizing shares of stock without par value 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 the shares. The total amount paid for the shares must be at least \$250,000.

Some have noted that certain requirements in the Insurance Code related to authorized common stock are outdated and should be updated.

DIGEST: HB 3255 would remove from Insurance Code secs. 822.056(d) and 841.057(c) the requirement for shareholders of an insurance company to in good faith subscribe and pay for shares representing at least 50 percent of the authorized shares without par value.

The bill would repeal related sections of the Insurance Code pertaining to required share purchases prior to the granting of or amendment to a company charter and an increase or decrease in the number of authorized shares.

HB 3255
House Research Organization
page 2

The bill would take effect September 1, 2021.