

## **BILL ANALYSIS**

Senate Research Center

H.B. 928  
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State Affairs  
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Engrossed

### **DIGEST AND PURPOSE**

Current law contains two provisions governing the investments of life insurance companies. Article 3.33, Insurance Code, is newer, and governs the investments of larger companies. The older provision, Article 3.39, Insurance Code, governs smaller companies. Some smaller companies have “outgrown” Article 3.39 and could enjoy more efficient investment operations under the more modern code. H.B. 928 allows smaller companies to elect to be governed by Article 3.33.

### **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 Subchapter G, Chapter 884, Insurance Code, as effective June 1, 2003, by adding Section 884.311, as follows:

Sec. 884.311. LAW GOVERNING INVESTMENTS; ELECTION. (a) Authorizes a stipulated premium insurance company issuing life, health, or accident coverages or maintaining policies in force that were issued in accordance with Subchapter I to elect that the company’s investments and transactions be governed by Article 3.33 (Authorized Investments and Loans for Capital Stock Domestic Life, Health and Accident Insurance Companies).

(b) Requires the election under Subsection (a) to be made by written notice to the commissioner of insurance (commissioner) and provides that it is effective on the first day of the calendar quarter following the day on which the notice is filed with the commissioner.

(c) Authorizes the stipulated premium insurance company, after the second anniversary of the effective date of an initial election authorized by this section, to elect that the company’s investments and transactions be governed by Article 3.39 (Authorized Investments and Loans for “Domestic” Life Insurance Companies).

(d) Requires the subsequent election under Subsection (c) to be made by written notice to the commissioner and provides that it is effective on the first day of the calendar quarter following the day on which the notice is filed with the commissioner.

(e) Authorizes a stipulated premium insurance company, after it has made a subsequent election under Subsection (c), to make another election under this section, subject to the approval of the commissioner.

SECTION 2. Amends Section 1, Article 3.33, Insurance Code, to provide that this article and the rules promulgated to interpret and implement it apply to all domestic insurance companies as defined in Section 841.001, rather than Section 5 of Article 3.01, and other insurers specifically made subject to

the provisions hereof, including a stipulated premium insurance company electing to be governed by this article under Section 884.311. Modifies statutory references.

SECTION 3. Effective date: September 1, 2003.