

BILL ANALYSIS

Senate Research Center

S.B. 918
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Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Statement of Purpose

Ease unnecessary regulations on Texas businesses.

Background

Insurance companies have very specific rules and regulations over their governance. To bring insurance companies in line with similar companies governed by the Business Organizations Code, this legislation provides more flexibility for when meetings can be held, allows smaller insurance companies to operate with smaller boards, and eliminates unnecessary regulations on boards. S.B. 918 improves the regulatory environment so that insurance companies can thrive.

Key Provisions

Lowers the number of board members required under Section 822.152(b), Insurance Code, from seven to five.

Eliminates the requirement that shareholder meetings of an insurance company be held before May 1 of each year and replaces it with an annual meeting requirement.

Eliminates the requirement that to have a staggered board of directors an insurance company must be a domestic company whose board of directors consists of at least nine members.

S.B. 918 amends current law relating to the size, terms, and election of boards of directors of 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 822.152(b), Insurance Code, to provide that the board of directors of an insurance company organized under the laws of this state consists of not fewer than five, rather than seven, directors.

SECTION 2. Amends Section 822.153(b), Insurance Code, to require the shareholders of an insurance company to meet annually, rather than before May 1 of each year, as provided by the company's bylaws to elect successor directors.

SECTION 3. Amends Section 841.153(b), Insurance Code, to require that the annual meeting, after the directors are first elected under Section 841.153 (Election of Directors), be held each year, rather than before May 1 of each year, as established by the company's bylaws.

SECTION 4. Amends the heading to Section 841.154, Insurance Code, to read as follows:

Sec. 841.154. STAGGERED TERMS FOR DIRECTORS.

SECTION 5. Repealer: Section 841.154(a) (relating to the provision that Section 841.154 applies only to a domestic insurance company whose board of directors consists of at least nine members), Insurance Code.

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date: September 1, 2021.