CHAPTER 463

S.B. No. 1006

AN ACT

relating to requirements regarding certain shareholder and policyholder dividends.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 403.001, Insurance Code, is amended to read as follows:

Sec. 403.001. LIMITATION ON DIVIDENDS. An insurer organized under the laws of this state, including a life, health, fire, marine, or inland marine insurance company, may not pay a shareholder dividend except from surplus profits arising from the insurer’s business.

SECTION 2. Subsections (a), (b), and (c), Section 1806.056, Insurance Code, are amended to read as follows:

(a) This subchapter does not prohibit an insurer[ on approval by the commissioner] from distributing to policyholders who are on active duty in the United States Armed Forces any estimated profits resulting from service by those policyholders in a foreign country in a combat theater of operations after January 1, 1990.

(b) An insurer that elects to make distributions under this section must:

(1) file a written application describing [description of] the insurer’s distribution [program] with the commissioner for approval of a policyholder dividend amount that exceeds 10 percent of surplus; or [and]

(2) notify the commissioner in writing of each distribution of a policyholder dividend amount that is not greater than 10 percent of surplus [made under the program].

(c) If the commissioner does not act on the application [insurer’s distribution program] on or before the fifth business day after the date the commissioner receives the application [insurer’s description of the program], the distribution [program] is considered approved.

SECTION 3. Section 1806.057, Insurance Code, is amended to read as follows:

Sec. 1806.057. PROFIT SHARING WITH MEMBERS OF CERTAIN ASSOCIATIONS AUTHORIZED. (a) Section 1806.054 does not prohibit an insurer[ on approval by the commissioner] from sharing profits with policyholders who are part of a group program established by a nonprofit business association and who participate in the group program because of membership in the association.

(b) An insurer that elects to make distributions under this section must:

(1) file a written application describing [description of] the insurer’s distribution [program] with the commissioner for approval of a policyholder dividend amount that exceeds 10 percent of surplus; or [and]

(2) notify the commissioner in writing of each distribution of a policyholder dividend amount that is not greater than 10 percent of surplus [made under the program].

(c) If the commissioner does not act on the application [insurer’s distribution program] on or before the fifth business day after the date the commissioner receives the application [insurer’s description of the program], the distribution [program] is considered approved.
SECTION 4. Section 1806.058, Insurance Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) An insurer must obtain commissioner approval before distributing a policyholder dividend if the dividend amount exceeds 10 percent of surplus [A distribution of profit or dividends to insurers may not take effect or be paid until the commissioner approves the distribution]. The commissioner may not approve a distribution of profits or dividends until the insurer has [provided] adequate reserves. The reserves must be computed on the same basis for all classes of insurers operating under this subchapter, Subtitle C, and Subchapter A, Chapter 5.

(c) The insurer must notify the commissioner in writing of each distribution if the insurer’s policyholder dividend amount is not greater than 10 percent of surplus.

SECTION 5. Section 1806.105, Insurance Code, is amended by amending Subsection (c) and adding Subsection (d) to read as follows:

(c) A distribution of profits or dividends to an insured may not take effect or be distributed until:

(1) the insurer has adequate reserves [are provided], as computed on the same basis for all classes of insurers to which this subchapter applies; and

(2) if the policyholder dividend amount exceeds 10 percent of surplus, the commissioner approves the distribution.

(d) The insurer must notify the commissioner in writing of each distribution if the insurer’s policyholder dividend amount is not greater than 10 percent of surplus.

SECTION 6. Section 1806.106, Insurance Code, is amended to read as follows:

Sec. 1806.106. PROFIT SHARING WITH CERTAIN ASSOCIATIONS AUTHORIZED.
(a) This subchapter does not prohibit an insurer [on approval by the commissioner] from sharing profits with policyholders who are part of a group program established by a nonprofit business association and who participate in the group program because of membership in the association.

(b) An insurer that elects to make distributions under this section must:

(1) file a written application describing [description of] the insurer’s distribution [program] with the commissioner for approval of a policyholder dividend amount that exceeds 10 percent of surplus; or [and]

(2) notify the commissioner in writing of each distribution of a policyholder dividend amount that is not greater than 10 percent of surplus [made under the program].

(c) If the commissioner does not act on the application [insurer’s distribution program] on or before the fifth business day after the date the commissioner receives the application [insurer’s description of the program], the distribution [program] is considered approved.

SECTION 7. Section 2052.004, Insurance Code, is amended by amending Subsections (b) and (c) and adding Subsection (d) to read as follows:

(b) A policyholder dividend under a workers’ compensation insurance policy:

(1) must be [does not take effect until] approved by the department if the insurer’s policyholder dividend amount exceeds 10 percent of surplus; and

(2) may not be approved by the department until the insurance company has [provided] adequate reserves.

(c) For purposes of Subsection (b), reserves must be computed on the same basis for all classes of insurance companies operating under this subtitle and Section 2051.002 [Article 5.05].

(d) An insurer must notify the department in writing of a distribution if the insurer’s policyholder dividend amount is not greater than 10 percent of surplus.

SECTION 8. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.
CHAPTER 464

S.B. No. 1008

AN ACT relating to the business, supervision, and regulation of state savings and loan associations and state savings banks; providing a criminal penalty.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subsection (b), Section 13.002, Finance Code, is amended to read as follows:

(b) The savings and mortgage lending commissioner must have not less than five years' experience in the executive management of a savings association or savings bank or in savings association or savings bank supervision during the 10 years preceding the commissioner's appointment.

SECTION 2. Section 61.002, Finance Code, is amended by amending Subdivision (1) and adding Subdivision (1-a) to read as follows:

(1) “Appropriate banking agency”:

(A) means:

(i) with respect to a savings bank chartered by this state, the Department of Savings and Mortgage Lending;

(ii) with respect to a federal savings bank, the Office of the Comptroller of the Currency;

(iii) with respect to a savings and loan association chartered by this state, the Department of Savings and Mortgage Lending;

(iv) with respect to a federal savings and loan association, the Office of the Comptroller of the Currency;

(v) with respect to a bank chartered by this state, the Texas Department of Banking;

(vi) with respect to a national bank, the Office of the Comptroller of the Currency; and

(vii) with respect to a bank, savings bank, or savings and loan association chartered by another state, the chartering agency; and

(B) includes:

(i) in each case in which a state bank is a member of the Federal Reserve System, the board of governors of the Federal Reserve System;

(ii) in each case where required by the Federal Deposit Insurance Act (12 U.S.C. Section 1811 et seq.), the Federal Deposit Insurance Corporation; and

(iii) any successor of a state or federal agency specified by this subdivision.

(1-a) “Association” means a savings and loan association subject to this subtitle.

SECTION 3. Subsection (a), Section 62.105, Finance Code, is amended to read as follows:

(a) An association shall maintain [on file with the commissioner] a blanket indemnity bond with an adequate corporate surety protecting the association from loss by or through dishonest or criminal action or omission, including fraud, theft, robbery, or burglary, by an officer or employee of the association or a director of the association when the director performs the duties of an officer or employee.

SECTION 4. Subsection (a), Section 62.206, Finance Code, is amended to read as follows: