

INSURANCE CODE

TITLE 6. ORGANIZATION OF INSURERS AND RELATED ENTITIES

SUBTITLE B. ORGANIZATION OF REGULATED ENTITIES

CHAPTER 828. PURCHASE OF STOCK FOR TOTAL ASSUMPTION REINSURANCE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 828.001. AUTHORITY TO PURCHASE STOCK FOR TOTAL ASSUMPTION REINSURANCE. This code does not affect the right of a life insurance company organized or operating under Chapter 841, 882, or 982 to purchase or contract to purchase all or part of the outstanding shares of another domestic or foreign life insurance company that engages in a similar line of business in order to:

- (1) reinsure all of the other company's business;
- (2) assume all of the other company's liabilities; and
- (3) take over all of the other company's assets.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 828.002. EFFECT ON ANTITRUST LAWS. This chapter does not affect in any manner the antitrust laws of this state.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 828.003. INVESTMENTS OF REINSURED COMPANY. The investments of a company reinsured under this chapter are subject to Section 824.102 as if the company had been merged or consolidated.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

SUBCHAPTER B. EXCEPTION TO INVESTMENT LIMITATION

Sec. 828.051. EXCEPTION TO LIMITATION ON PURCHASING SHARES OF OTHER COMPANY. Subchapters C and D, Chapter 425, do not apply to a purchase or contract described by Section 828.001 if all requirements of this subchapter are met.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.015,

eff. April 1, 2009.

Sec. 828.052. RESOLUTION OF INTENTION TO REINSURE. The intention to reinsure must be evidenced by a resolution adopted by the board of directors of the purchasing company on or before the purchase of the shares or the execution of a contract to purchase the shares.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 828.053. MINIMUM STOCK ACQUISITION. The purchasing company shall obtain or seek to obtain at least the number of shares of the other insurance company necessary to vote an approval of the total assumption reinsurance agreement under the laws of the state in which the other insurance company is organized by one or more of the following means:

(1) initially purchasing or contracting to purchase the shares; or

(2) offering to purchase, making a tender offer for, requesting or inviting tenders of, or otherwise seeking to acquire the shares in the open market or otherwise.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 828.054. APPROVAL REQUIRED. A purchase, offer to purchase, tender offer, request to purchase, or invitation to purchase shares in excess of the limits imposed under Subchapter C or D, Chapter 425, may not be made until it is filed with and approved by the commissioner in accordance with Chapter 823.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.016, eff. April 1, 2009.

Sec. 828.055. RESTRICTIONS ON REINSURED COMPANY. Following the earlier of the date of the contract to purchase the shares or the date of the commissioner's approval of the purchase, offer to purchase, tender offer, request to purchase, or invitation to purchase the shares, the company the shares of which are being

purchased may not purchase or contract to purchase any of its own shares as treasury shares, issue or contract to issue any of its authorized but unissued shares, or make any investments in or loans to the purchasing company or an affiliate of the purchasing company unless the investment or loan is otherwise authorized and approved in advance by the commissioner under Chapter 823.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 828.056. REQUIRED EFFECTIVE DATE OF REINSURANCE AGREEMENT; EFFECT OF FAILURE TO MEET REQUIRED EFFECTIVE DATE. (a) The reinsurance agreement must take effect on or before December 31 of the second year after the earlier of the year in which the initial purchase of shares is made or the year in which the initial contract to purchase is executed unless the commissioner for good cause shown extends that period.

(b) If the reinsurance agreement does not take effect within the period finally determined and extended by the commissioner, the purchasing company shall sell or otherwise dispose of the purchased shares that exceed the investment limitations imposed under Subchapter C or D, Chapter 425, within six months of the final effective date.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.017, eff. April 1, 2009.

Sec. 828.057. PROHIBITION ON USE OF PURCHASING COMPANY'S CAPITAL, SURPLUS, OR RESERVES. Amounts actually paid by the purchasing company for the purchase of shares acquired or obtained under this subchapter may not include the minimum capital, minimum surplus, and policy reserves required by law for the purchasing company.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.