



Texas Department of Insurance
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CHARTER AMENDMENT CHECKLIST DOMESTIC LIFE, ACCIDENT AND HEALTH INSURANCE COMPANY

Note: Statutory references are Texas Insurance Code Articles 3.02, 3.02a(a), 3.04 and 3.05 and Texas Business Corporations Act Articles 2.25, 4.02A(1) and (2), 4.04A, 4.04B(1) through (7) and 9.10.

The following items are required to be filed by any domestic life, accident and health insurance company seeking to amend its articles of incorporation. Please note that all charter amendments require the submission of Items 1 through 4 of this checklist. One original copy of each document is required.

THE FILING FEE FOR AMENDED ARTICLES IS \$125 and \$250 FOR RESTATED ARTICLES.

1. Amended Articles of Incorporation - The amendment to the Articles of Incorporation must be signed by at least one officer of the company and contain the following elements.
 - (a) The name of the corporation.
 - (b) Identify the altered article and contain a statement of its text as amended or indicate an addition to the articles and contain a full text of the additional provisions.
 - (c) The date of adoption of the amendment by the shareholders.
 - (d) The number of shares outstanding and entitled to vote.
 - (e) The number of shares voted for and against the amendment.
 - (f) If the shares of any class are entitled to vote thereon as a class:
 - (1) State the designation and number of outstanding shares entitled to vote on each class shown; and,
 - (2) State the number of shares of each such class voted for and against the amendment.
 - (g) If the amendment affects an increase or decrease in capital, it must also contain the following:
 - (1) If issued shares are exchanged, reclassified or cancelled, the manner in which it is effected must be set out in the amendment or in a separate statement.
 - (2) State the manner in which capital is effected and what the resulting stated capital is in dollars.
 - (3) Specify the resulting number of shares of capital stock.
 - (4) If the capital increase is out of surplus, identify the source of the surplus.
 - (5) If the capital is being increased with funds from outside sources, furnish a subscription agreement.
2. Board of Directors Resolution - The Board of Directors Resolution must set forth the proposed amendment and direct that the amendment be submitted to a vote at a shareholders' meeting.
3. Shareholders' Resolution must state the text of the amendment and date of adoption by the shareholders and must bear original signatures, or submit Written Consent of Shareholders, with original signatures of all shareholders entitled to vote.
4. Supplemental Affidavit, executed by an officer of the company, with original, notarized signature, must accompany the amendment and must set forth:

- (a) That written or printed notice setting forth the proposed amendment, or a summary of the changes to be effected, was given to stockholders not less than ten (10) nor more than fifty (50) days before the date of the meeting, or refer to the Written Consent of Shareholders.

4. Supplemental Affidavit (continued)

- (b) If the capital is being increased, that the capital and surplus is the bona fide, unconditional and unencumbered property of the company.
- (c) If the capital is being reduced, that the company still has fully paid up stock in the minimum amount required by law.
- (d) That the facts set forth in the application and amendments to the Articles of Incorporation are true and correct.
- (e) If the capital stock is being increased by subscriptions for new shares with a nominal or par value, the statement should reflect:
 - (1) The aggregate number subscribed and the actual aggregate consideration received therefore, and that at least 50% of the authorized shares to be issued with nominal or par value have been subscribed and fully paid for; and
 - (2) That such shares are of not less than \$1.00 each and not more than \$100 each.
- (f) If the capital stock is being increased by subscriptions for new shares without a nominal or par value, the statement should reflect:
 - (1) The aggregate number subscribed and the actual aggregate consideration received therefor, and that at least 50% of the authorized shares to be issued without nominal or par value have been in good faith subscribed and fully paid for and that the amount so paid is not less than \$250,000 (the amendment can not be approved if the stated capital is less than \$100,000); and
 - (2) That every such no par value share is equal in all respects to every other such no par value share.
- (g) If the capital is being increased by subscriptions for new shares and the company has not secured a permit from The Texas State Securities Board or the Securities and Exchange Commissioner, the statement must reflect:
 - (1) The names and addresses of all subscribers;
 - (2) The number of shares subscribed by each subscriber; and
 - (3) The actual consideration received by the company for such shares.
- (h) If the amendment effects an increase or reduction in capital stock, a majority vote of the holders of the outstanding stock is required. For all others, the amendment can be adopted only after an affirmative vote of at least 2/3 of the holders of the outstanding shares entitled to vote, unless any class of shares is entitled to vote thereon as a class, in which event the amendment shall be adopted upon receiving the affirmative vote of the holders of at least 2/3 of the shares within each class of outstanding shares entitled to vote thereon as a class and of at least 2/3 of the total outstanding shares entitled to vote thereon.

Items 5 through 9 must be filed for specific types of changes to capital and other types of charter amendments in addition to Items 1 through 4.

- 5. Balance Sheet and Analysis of Surplus - A balance sheet, with notarized signatures of at least two officers, and an Analysis of Surplus form for the period ending not more than 90 days prior to the date of the amendment, must be submitted.
- 6. If the capital increase consists of either all or part cash, the amendment must be accompanied by an affidavit, with the notarized signature of a bank officer where the funds are on deposit, that states:

- (a) That the funds on deposit in the bank are the bona fide, unconditional and unencumbered property of the company insofar as the bank is concerned; and
 - (b) That the bank has no knowledge of any claim against such funds by any person or organization other than the insurance company.
7. If the capital increase consists of either all or part securities, the amendment must state:
- (a) That such securities are made up only of bonds of the United States or of Texas or of any county or incorporated municipality thereof, or of government insured mortgage loans which are otherwise authorized by Chapter 3 of the Texas Insurance Code;
 - (b) That such securities have been properly identified and a list thereof submitted with the amendment; and
 - (c) That the value placed on the securities by the company has been approved by the Texas Department of Insurance.
8. Name Changes - If the name of company is to be changed:
- (a) A Name Application and additional fee of \$100 must be submitted. The proposed name must include the words "Insurance Company" and not be so similar to that of any other insurance company as to be likely to mislead the public;
 - (b) An Application for Certificate of Authority (Form FIN005) must be completed;
 - (c) The original Certificate of Authority (with gold seal) must be surrendered; and
 - (d) A Name Change Endorsement (see attached guidelines).
9. Changes to Certificate of Authority - If the amendment proposes any change to the Certificate of Authority such as a home office change or a change in the lines of insurance authorized:
- (a) An Application for Certificate of Authority (Form FIN005) must be completed; and
 - (b) The original Certificate of Authority (with gold seal) must be surrendered.
 - (c) If adding a line, a business plan must be submitted (guidelines enclosed).
 - (e) If deleting a line, a withdrawal plan, under Texas Insurance Code, Article 21.49-2C, must also be filed.

THE TEXAS INSURANCE CODE PROVIDES FOR HEARINGS TO BE HELD ON ALL CHARTER AMENDMENTS EXCEPT NAME AND HOME OFFICE CHANGES. HOWEVER, COMPANY LICENSING AND THE TEXAS DEPARTMENT OF INSURANCE FEELS THAT BETTER SERVICE IS PROVIDED TO OUR CUSTOMERS BY DISPOSING OF THESE MATTERS INFORMALLY. THEREFORE, SHOULD THE COMPANY LIKE TO WAIVE THE REQUIREMENT FOR A HEARING, PLEASE SO STATE IN THE COVER LETTER WHEN SUBMITTING THE AMENDMENT.

INCOMPLETE APPLICATIONS IMPEDE TIMELY REVIEW BY THE DEPARTMENT, THEREFORE, IT IS EXTREMELY IMPORTANT THAT APPLICATIONS ARE COMPLETE. SUBMIT A COMPLETE FILING TO THE TEXAS DEPARTMENT OF INSURANCE, COMPANY LICENSING & REGISTRATION DIVISION, MC 305-2C, P. O. BOX 149104, AUSTIN, TX 78714-9104. FOR QUESTIONS OR MORE INFORMATION, CALL (512) 322-4370.

THESE GUIDELINES ARE GENERAL IN NATURE AND DO NOT SUPERCEDE STATUTE OR REGULATION. THEY ARE NOT INTENDED TO BE ALL INCLUSIVE AND ADDITIONAL DOCUMENTATION MAY BE REQUESTED.