

1998 SESSION

INTRODUCED

983211722

SENATE BILL NO. 447

Offered January 26, 1998

A BILL to amend and reenact § 6.1-58.2 of the Code of Virginia, relating to controlled subsidiary; transaction of insurance business.

Patrons—Norment, Colgan, Edwards, Holland, Maxwell, Miller, K.G., Potts, Reasor, Saslaw, Stolle, Stosch and Wampler

Referred to the Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-58.2 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-58.2. Insurance business of controlled subsidiary.

In addition to the types of business authorized in § 6.1-58.1, a controlled subsidiary corporation may be formed (i) to transact the type of insurance business specified in § 38.2-120 and other insurance normally written under the coverage known as financial institution blanket bonds or, (ii) to underwrite insurance indemnifying the bank, its holding companies or its affiliates, and their directors and officers against liability, and (iii) *subject to such conditions as the Commission may impose, to underwrite reinsurance of mortgage guaranty insurance on loans secured by real estate made or purchased by such controlled reinsurance subsidiary's affiliates or by a bank or banks owning such controlled subsidiary,* provided such controlled subsidiary corporations transact only the insurance business specifically permitted by this section. ~~In such event the~~ The investment of any bank in the stock, services or other obligations of such a controlled subsidiary shall not exceed two percent of such bank's capital, surplus and undivided profits. Such ~~insurance company~~ *controlled subsidiary* shall be subject to the further provisions of Title 38.2 otherwise applicable to insurance companies transacting a comparable business. ~~Section 38.2-1811 shall not be deemed to be applicable to such controlled subsidiary corporations.~~ For the purpose of this section, a controlled subsidiary corporation may be a ~~Virginia corporation or a domestic or foreign corporation organized under the laws of another state~~ and the majority of its voting stock be owned, *directly or indirectly*, by (i) a bank or banks organized under the laws of the United States, (ii) a bank or banks organized under the laws of this Commonwealth, (iii) a bank or banks organized under the laws of one of the other states of the United States, or (iv) a "bank holding company" owning a bank or banks in this Commonwealth or in another state.

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