



TEXAS ETHICS COMMISSION



ETHICS ADVISORY OPINION NO. 367

April 11, 1997

Whether the policyholders of an Ohio domestic mutual insurance company are "members" of the insurance company for purposes of section 253.100(b) of the Texas Election Code. (AOR-404)

The Texas Ethics Commission has been asked to consider whether the policyholders of an Ohio domestic mutual insurance company are "members" of the insurance company for purposes of section 253.100(b) of the Texas Election Code.

The Texas Election Code contains a general prohibition on political expenditures by corporations in connection with state and local elections in Texas. Elec. Code § 253.094. *See generally id.* § 251.001(10) (defining "political expenditure"). An insurance company is considered to be a corporation and therefore subject to those restrictions regardless of whether the insurance company is organized as a corporation. *Id.* § 253.093(a). As an exception to the general prohibition on corporate political expenditures, section 253.100(b) provides that a corporation may make political expenditures to finance the solicitation of political contributions to a general-purpose committee assisted by the corporation from the stockholders of the corporation. For purposes of that provision, the "members" of an insurance company are considered to be stockholders. *Id.* § 253.093(b). In other words, Texas law expressly permits an insurance company to make political expenditures to solicit its "members" to contribute to a general-purpose political committee. The question raised here is whether the policyholders of an Ohio domestic mutual insurance company are "members" of the insurance company.

In [Ethics Advisory Opinion No. 227](#) (1994), we considered whether the policyholders of a Texas farm mutual insurance company are "members" of the company for purposes of the Texas Election Code. We noted that the statutory provisions governing Texas farm mutual insurance companies vest control of such a company in the policyholders and describe the policyholders as "members." In light of those facts, we concluded that the policyholders of a Texas farm mutual insurance company are its "members" for purposes of the Texas Election Code. Like the policyholders of a Texas farm mutual insurance company, policyholders of an Ohio domestic mutual insurance company are referred to as "members." Ohio Rev. Code Ann. § 3941.07 (Baldwin 1995). Also, as in Texas, control of an Ohio domestic mutual insurance company is vested in its policyholders. We conclude, therefore, that the policyholders of an Ohio domestic mutual insurance company are its "members" for purposes of section 253.100(b) of the Election Code. Because its policyholders are its "members," an Ohio domestic mutual insurance company may make expenditures to solicit contributions from its policyholders to its Texas general-purpose political committee.

SUMMARY

An Ohio domestic mutual insurance company may make expenditures to solicit contributions from its policyholders to its Texas general-purpose political committee.