

BILL ANALYSIS

Senate Research Center
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S.B. 1621
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DIGEST AND PURPOSE

Currently, insurers frequently sell multiple small face amount life insurance policies to the same individual. Often, when the insured dies, the beneficiary of one of the policies claims the benefits of that policy, and the other policies are never claimed or paid. As proposed, S.B. 1621 requires the commissioner of insurance to adopt rules defining a “due diligence” standard for insurers in locating other policies sold by the insurer on the same person’s life and paying the policy amounts to the proper beneficiaries.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1101.352, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 1101, Insurance Code, by adding Subchapter H, as follows:

SUBCHAPTER H. UNCLAIMED BENEFITS UNDER CERTAIN POLICIES

Sec. 1101.351. **APPLICABILITY.** (a) Sets forth insurers to which this subchapter does and does not apply.

(b) Sets forth insurance policies to which this subchapter applies.

Sec. 1101.352. **DUE DILIGENCE STANDARDS.** Requires the commissioner of insurance to adopt rules as necessary to define minimum standards of due diligence that an insurer must exercise relating to the payment of unclaimed benefits payable on the death of an insured who is covered under more than one life insurance policy issued by the insurer.

SECTION 2. Requires the commissioner of insurance to adopt the rules required by Section 1101.352, Insurance Code, as added by this Act, not later than January 1, 2004.

SECTION 3. Effective date: September 1, 2003.