

BILL ANALYSIS

Senate Research Center
79R5534 KCR-D

H.B. 526
By: Berman (Deuell)
State Affairs
4/27/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

A purchaser of a group life insurance policy or certificate in Texas cannot purchase more than \$250,000 of life insurance. However, other states allow a purchaser of a group life insurance policy or certificate to purchase a group life insurance policy or certificate to purchase up to seven times the amount of the purchaser's annual income or more depending on the limits set by an individual company. This law would be changed by removing the caps that are placed on the face amount of group life insurance policies or certificates. H.B. 526 removes any caps that are placed on life insurance policy or certificate purchasers.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 1131.455(a), (b), and (d), Insurance Code, as follows:

- (a) Prohibits the amount of insurance on a debtor's life under the policy from exceeding the amount of the debtor's indebtedness, except as otherwise provided by this section. Deletes existing text specifying certain amounts of insurance on a debtor's life.
- (b) Deletes existing text specifying that the initial amount of insurance issued to a certain debtor is not to exceed \$100,000 on any one life.
- (d) Makes a conforming change.

SECTION 2. Repealer:

- (1) Sections 1131.205(b)-(d) (relating to caps on amounts of life insurance), Insurance Code;
- (2) Sections 1131.255(b)-(d) (relating to caps on amounts of life insurance), Insurance Code;
- (3) Section 1131.405(b) (relating to caps on amounts of life insurance), Insurance Code;
- (4) Section 1131.754 (Amounts of Insurance), Insurance Code; and
- (5) Section 1131.755(b) (relating to an applicant's statement of life insurance coverage), Insurance Code.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2005.