

## **BILL ANALYSIS**

Senate Research Center  
87R10119 TYPED

S.B. 773  
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Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Life insurance policies worth billions of dollars in benefits lapse or are surrendered each year.

In spite of that, it has been reported that many elderly policy owners are unaware of the options and alternatives to the lapse or surrender of their policy that may have otherwise benefited them financially. S.B. 773 seeks to protect and inform senior consumers and provide transparency and certainty in their life insurance options by requiring an insurer to provide written notice of the existence of alternatives to the lapse or surrender of a life insurance policy to certain policy owners who are at least 60 years of age and held the policy for two years. This bill does not require life insurance companies to list any specific alternative, just advise policy owners that alternatives in fact exist.

As proposed, S.B. 773 amends current law relating to notice of available alternatives to the lapse or surrender of a life insurance policy.

### **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 Chapter 1101, Insurance Code, by adding Subchapter G, as follows:

#### **SUBCHAPTER G. NOTICE REGARDING ALTERNATIVES TO LAPSE OR SURRENDER**

Sec. 1101.301. NOTICE OF ALTERNATIVES TO LAPSE OR SURRENDER OF POLICY. (a) Requires an insurer to provide to a policy owner who is at least 60 years of age and who has held the policy for at least two years a written notice of the existence of potential available alternatives to the lapse or surrender of the owner's life insurance policy on the request by the policy owner of:

- (1) prior to the termination or complete or partial surrender of the policy;
- (2) on the request by the policy owner of a loan against or withdrawal of the cash value of the policy; or
- (3) on the request by the policy owner of any change to the terms of the policy, including a change regarding an accelerated death benefit, a nursing home benefit, a catastrophic illness benefit, or another living benefit.

(b) Requires that the notice state that the policy holder is authorized to consult with the insurer's agent, the Texas Department of Insurance, or financial advisor.

SECTION 2. Effective date: September 1, 2021.