

BILL ANALYSIS

H.B. 152
By: Wilson
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Traditionally, insurance companies have been allowed to insure the life of any employee, regardless of position or place of importance in the company. This allows the company to collect the policy amount for their sole profit and gain. House Bill 152 prohibits certain insurance policies that insure the life of an employee.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

House Bill 152 amends the Insurance Code to prohibit an individual, partnership, association, corporation, or other legal entity who is the employer of an individual insured under a life insurance policy to be designated as a beneficiary. The bill does not prohibit an employer from being designated as a beneficiary, if the employer is related by blood or marriage to the insured or the designation would otherwise be permitted under provisions relating to corporations, joint stock associations, trust estates, or partnerships or partners.

A violation of the provisions of the Act is considered an unfair or deceptive act or practice in the business of insurance. An insurer that violates the provisions of the Act is subject to sanctions under Chapter 82.

EFFECTIVE DATE

September 1, 2003.