

By: Wilson

H.B. No. 152

A BILL TO BE ENTITLED

AN ACT

relating to certain life insurance policies insuring the life of an employee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 1103, Insurance Code, as effective June 1, 2003, is amended by adding Section 1103.057 to read as follows:

Sec. 1103.057. CERTAIN LIFE INSURANCE POLICIES INSURING EMPLOYEES PROHIBITED. (a) Notwithstanding any other provision of this subchapter, an individual, partnership, association, corporation, or other legal entity who is the employer of an individual who is insured under a life insurance policy may not be designated as a beneficiary to receive the proceeds of the policy.

(b) Subsection (a) does not prohibit the designation of an employer as a beneficiary of a policy if:

(1) the employer is an individual who is related by blood or marriage to the individual who is insured under the policy;
or

(2) the designation would otherwise be permitted under Section 1103.003 or 1103.004.

(c) In addition to other penalties authorized by this code, a violation of this section is an unfair or deceptive act or practice in the business of insurance for purposes of Article 21.21. An insurer that violates this section is subject to

1 sanctions under Chapter 82.

2 SECTION 2. This Act takes effect September 1, 2003, and
3 applies only to an insurance policy that is delivered or issued for
4 delivery on or after that date. A policy that is delivered or
5 issued for delivery before September 1, 2003, is governed by the
6 law as it existed immediately before the effective date of this Act,
7 and that law is continued in effect for that purpose.