

By: Martinez Fischer

H.B. No. 421

A BILL TO BE ENTITLED

AN ACT

relating to certain credit insurance policies.

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

SECTION 1. Subchapter E, Chapter 21, Insurance Code, is amended by adding Article 21.79A to read as follows:

Art. 21.79A. CREDIT INSURANCE MARKETED IN CONNECTION WITH CREDIT CARDS

Sec. 1. DEFINITIONS. In this article:

(1) "Credit card" means an identification card or any other similar item authorizing a designated person to obtain property or services on credit.

(2) "Credit insurance" includes:

(A) credit life insurance;

(B) credit accident and health or disability insurance; and

(C) credit involuntary unemployment insurance.

(3) "Insurer" means any insurer authorized to issue credit insurance in this state. The term includes a Lloyd's plan, a reciprocal or interinsurance exchange, a county mutual insurer, or a farm mutual insurer.

Sec. 2. APPLICABILITY. (a) This article applies only to a policy or group certificate of credit insurance that is marketed to a resident of this state in connection with:

(1) an application for a credit card;

1           (2) billing statements for a credit card; or  
2           (3) any other communication directed to the resident  
3 as a holder of or applicant for a credit card.

4           (b) This article applies only to:

5           (1) an insurer who issues a policy described by  
6 Subsection (a) of this section; and

7           (2) a credit card issuer who offers or makes available  
8 the credit insurance described by Subsection (a) of this section.

9           Sec. 3. REQUIRED RECORDS. (a) The insurer and credit card  
10 issuer shall maintain complete records of the documents that the  
11 insurer or issuer obtains in connection with a policy or group  
12 certificate of credit insurance described by Section 2(a) of this  
13 article, including a copy of:

14           (1) the application for insurance;

15           (2) the policy or group certificate issued; and

16           (3) any claims information.

17           (b) The records shall be maintained at least until the first  
18 anniversary of the date on which the coverage terminates.

19           (c) An insured may inspect records maintained under this  
20 section for the policy or group certificate issued to the insured.  
21 On the request of an insured, the insurer or credit card issuer  
22 shall provide the records to the insured. If the records do not  
23 include a copy of the certificate or policy issued to the insured,  
24 the insured may inspect the master policy form under which the  
25 insured is covered and is entitled, on request, to receive a copy of  
26 the master policy form. The person providing copies under this  
27 section may charge a fee for providing the copies. The fee may not

1 exceed the cost of providing the copies.

2 (d) The insurer is responsible for ensuring compliance with  
3 this section.

4 Sec. 4. VIOLATION; REFUND OF PREMIUM REQUIRED; INTEREST.

5 (a) If a copy of the application for a policy or certificate for an  
6 insured is not maintained as required by Section 3(a) of this  
7 article, the credit card issuer may not charge and the insurer may  
8 not collect or accept any premium or other charge with respect to  
9 the policy or certificate.

10 (b) If, on request of the insured to inspect or obtain  
11 copies of records under Section 3 of this article, the records do  
12 not include a copy of the application, the insurer or credit card  
13 issuer shall refund to the insured any premium or other charge  
14 collected in relation to the policy, plus interest computed at the  
15 rate of 18 percent a year compounded annually. The insurer and the  
16 credit card issuer are jointly and severally liable to the insured  
17 for any amount owed under this subsection.

18 Sec. 5. OTHER DUTIES OF INSURER NOT AFFECTED. This article  
19 does not affect the insurer's obligation to:

20 (1) issue an original policy or certificate to an  
21 insured; or

22 (2) pay a claim under the policy or certificate, if the  
23 insured has not requested a refund under Section 4 of this article.

24 Sec. 6. RULES. The commissioner may adopt rules as  
25 necessary to implement this article.

26 SECTION 2. Article 21.79A, Insurance Code, as added by this  
27 Act, applies only to a policy or group certificate of credit

1 insurance issued on or after the effective date of this Act. A  
2 policy or group certificate of credit insurance issued before the  
3 effective date of this Act is governed by the law as it existed  
4 immediately before the effective date of this Act, and that law is  
5 continued in effect for that purpose.

6 SECTION 3. This Act takes effect September 1, 2003.