

By: Woolley

H.B. No. 508

A BILL TO BE ENTITLED

AN ACT

relating to notice of an increase in certain rates or charges for certain group policies or contracts.

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

SECTION 1. Article 3.51-10, Insurance Code, as effective June 1, 2003, is amended to read as follows:

Art. 3.51-10. NOTICE OF PREMIUM RATE INCREASE. (a) Not less than 60 [~~30~~] days before the date on which a premium rate increase takes effect on a group policy of health, accident and health, or life, health, and accident insurance delivered or issued for delivery in this state by a life, accident, health or casualty insurance company, mutual life insurance company, mutual insurance company other than life, mutual or natural premium life insurance company, general casualty company, Lloyds, reciprocal or interinsurance exchange, fraternal benefit society, group hospitalization service insurer, or local mutual aid association, the insurer shall give written notice of the premium rate increase to the policyholder or in the instance of a multiple employer trust to the trustee or group policyholder of the amount of such increase and the date on which the increase is to take effect. Such notice is also required for increases in subscriber charges and service fees under group policies or contracts or coverage provided by health maintenance organizations. Notice shall be based upon coverages in effect on the date of the notice and nothing contained herein shall

1 be construed to prevent the insurer or health maintenance  
2 organization from negotiating changes in benefits and/or rates at  
3 the request of the policyholder after the required notice has been  
4 delivered.

5 (b) An insurer may not require a policyholder or trustee  
6 entitled to notice under this article to respond to the insurer to  
7 renew the policy or take other action relating to the renewal or  
8 extension of the policy before the 45th day after the date the  
9 notice described by Subsection (a) of this article is given.

10 SECTION 2. Section 1132.001, Insurance Code, as effective  
11 June 1, 2003, is amended by amending Subsection (b) and adding  
12 Subsection (f) to read as follows:

13 (b) Not later than the 61st [~~31st~~] day before the date on  
14 which a premium rate increase takes effect on a group policy of life  
15 insurance delivered or issued for delivery in this state by an  
16 insurer, the insurer shall give written notice to the policyholder  
17 of:

- 18 (1) the amount of the increase; and  
19 (2) the date on which the increase is to take effect.

20 (f) An insurer may not require a policyholder or trustee  
21 entitled to notice under this section to respond to the insurer to  
22 renew the policy or take other action relating to the renewal or  
23 extension of the policy before the 45th day after the date the  
24 notice described by Subsection (b) is given.

25 SECTION 3. The change in law made by this Act to Article  
26 3.51-10 and Section 1132.001(b), Insurance Code, applies only to an  
27 insurance policy delivered, issued for delivery, or renewed on or

1 after March 1, 2004. An insurance policy delivered, issued for  
2 delivery, or renewed before March 1, 2004, is governed by the law as  
3 it existed immediately before the effective date of this Act, and  
4 that law is continued in effect for that purpose.

5 SECTION 4. This Act takes effect September 1, 2003.