

By: Woolley

H.B. No. 508

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

7 Art. 3.51-10. NOTICE OF PREMIUM RATE INCREASE. Not less
8 than 60 [~~30~~] days before the date on which a premium rate increase
9 takes effect on a group policy of health, accident and health, or
10 life, health, and accident insurance delivered or issued for
11 delivery in this state by a life, accident, health or casualty
12 insurance company, mutual life insurance company, mutual insurance
13 company other than life, mutual or natural premium life insurance
14 company, general casualty company, Lloyds, reciprocal or
15 interinsurance exchange, fraternal benefit society, group
16 hospitalization service insurer, or local mutual aid association,
17 the insurer shall give written notice of the premium rate increase
18 to the policyholder or in the instance of a multiple employer trust
19 to the trustee or group policyholder of the amount of such increase
20 and the date on which the increase is to take effect. Such notice is
21 also required for increases in subscriber charges and service fees
22 under group policies or contracts or coverage provided by health
23 maintenance organizations. Notice shall be based upon coverages in
24 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 SECTION 2. Section 1132.001(b), Insurance Code, as
6 effective June 1, 2003, is amended to read as follows:

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

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

14 SECTION 3. Article 3.51-10 and Section 1132.001(b),
15 Insurance Code, as amended by this Act, apply only to an increase in
16 premium rates, subscriber charges, or service fees that takes
17 effect on or after March 1, 2004. An increase that takes effect
18 before March 1, 2004, is governed by the law as it existed
19 immediately before the effective date of this Act, and that law is
20 continued in effect for this purpose.

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