

1-1 By: Woolley (Senate Sponsor - Williams) H.B. No. 508
1-2 (In the Senate - Received from the House May 12, 2003;
1-3 May 13, 2003, read first time and referred to Committee on State
1-4 Affairs; May 23, 2003, reported favorably by the following vote:
1-5 Yeas 6, Nays 0; May 23, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to notice of an increase in certain rates or charges for
1-9 certain group policies or contracts.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Article 3.51-10, Insurance Code, as effective
1-12 June 1, 2003, is amended to read as follows:

1-13 Art. 3.51-10. NOTICE OF PREMIUM RATE INCREASE. (a) Not
1-14 less than 60 [~~30~~] days before the date on which a premium rate
1-15 increase takes effect on a group policy of health, accident and
1-16 health, or life, health, and accident insurance delivered or issued
1-17 for delivery in this state by a life, accident, health or casualty
1-18 insurance company, mutual life insurance company, mutual insurance
1-19 company other than life, mutual or natural premium life insurance
1-20 company, general casualty company, Lloyds, reciprocal or
1-21 interinsurance exchange, fraternal benefit society, group
1-22 hospitalization service insurer, or local mutual aid association,
1-23 the insurer shall give written notice of the premium rate increase
1-24 to the policyholder or in the instance of a multiple employer trust
1-25 to the trustee or group policyholder of the amount of such increase
1-26 and the date on which the increase is to take effect. Such notice is
1-27 also required for increases in subscriber charges and service fees
1-28 under group policies or contracts or coverage provided by health
1-29 maintenance organizations. Notice shall be based upon coverages in
1-30 effect on the date of the notice and nothing contained herein shall
1-31 be construed to prevent the insurer or health maintenance
1-32 organization from negotiating changes in benefits and/or rates at
1-33 the request of the policyholder after the required notice has been
1-34 delivered.

1-35 (b) An insurer may not require a policyholder or trustee
1-36 entitled to notice under this article to respond to the insurer to
1-37 renew the policy or take other action relating to the renewal or
1-38 extension of the policy before the 45th day after the date the
1-39 notice described by Subsection (a) of this article is given.

1-40 SECTION 2. Section 1132.001, Insurance Code, as effective
1-41 June 1, 2003, is amended by amending Subsection (b) and adding
1-42 Subsection (f) to read as follows:

1-43 (b) Not later than the 61st [~~31st~~] day before the date on
1-44 which a premium rate increase takes effect on a group policy of life
1-45 insurance delivered or issued for delivery in this state by an
1-46 insurer, the insurer shall give written notice to the policyholder
1-47 of:

1-48 (1) the amount of the increase; and

1-49 (2) the date on which the increase is to take effect.

1-50 (f) An insurer may not require a policyholder or trustee
1-51 entitled to notice under this section to respond to the insurer to
1-52 renew the policy or take other action relating to the renewal or
1-53 extension of the policy before the 45th day after the date the
1-54 notice described by Subsection (b) is given.

1-55 SECTION 3. The change in law made by this Act to Article
1-56 3.51-10 and Section 1132.001(b), Insurance Code, applies only to an
1-57 insurance policy delivered, issued for delivery, or renewed on or
1-58 after March 1, 2004. An insurance policy delivered, issued for
1-59 delivery, or renewed before March 1, 2004, is governed by the law as
1-60 it existed immediately before the effective date of this Act, and
1-61 that law is continued in effect for that purpose.

1-62 SECTION 4. This Act takes effect September 1, 2003.

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