

By: Giddings

H.B. No. 2807

A BILL TO BE ENTITLED

AN ACT

relating to the maximum cumulative premiums for certain small face amount life insurance policies.

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

SECTION 1. Chapter 1101, Insurance Code, as effective June 1, 2003, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. MAXIMUM CUMULATIVE PREMIUMS CHARGED FOR
CERTAIN LIFE INSURANCE POLICIES

Sec. 1101.301. APPLICABILITY. (a) This subchapter applies to each insurer authorized to write life insurance in this state, including an insurer operating under Chapter 841, 881, 882, 884, 885, 886, 887, 888, or 982 and an insurer exempt under Section 887.102.

(b) This subchapter applies to any individual or group life insurance policy, other than a term life insurance policy, issued in this state, including an industrial insurance policy offered under Chapter 1151.

Sec. 1101.302. MAXIMUM CUMULATIVE PREMIUM. (a) An insurer that issues a life insurance policy with a face amount of \$10,000 or less may not collect cumulative premiums on that policy that exceed 325 percent of the face amount of the policy after deducting any cash dividends paid by the insurer on the policy.

(b) For purposes of this section, cumulative premiums include premiums paid for a rider or endorsement to the policy.

1 However, the face amount does not include the benefit attributable
2 to the riders.

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