

By: Giddings

H.B. No. 2812

A BILL TO BE ENTITLED

AN ACT

relating to unclaimed benefits under certain life insurance policies; interim study.

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 H to read as follows:

SUBCHAPTER H. UNCLAIMED BENEFITS UNDER CERTAIN POLICIES

Sec. 1101.351. APPLICABILITY. (a) This subchapter applies to each insurer authorized to write life insurance in this state 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. 1101.352. DUE DILIGENCE STANDARDS. The commissioner shall adopt rules as necessary to define minimum standards of due diligence that an insurer must exercise relating to the payment of unclaimed benefits payable on the death of an insured who is covered under more than one life insurance policy issued by the insurer.

SECTION 2. (a) The commissioner of insurance shall conduct a study of the marketplace in the state for life insurance issued with a small face amount and report the commissioner's findings to the legislature on or before January 1, 2005.

1 (b) In conducting the study, the commissioner of insurance
2 shall evaluate the effect in the marketplace of Subchapter H,
3 Chapter 1101, Insurance Code, as added by this Act, as that
4 subchapter relates to small face amount policies, including the
5 availability of small face amount policies in the marketplace.

6 (c) The commissioner of insurance may follow up on the
7 findings relating to unclaimed benefits made by the Small Face
8 Amount Life Insurance Advisory Committee appointed by the
9 commissioner under Chapter 541, Acts of the 77th Legislature,
10 Regular Session, 2001, as the commissioner determines appropriate.

11 (d) The commissioner of insurance shall appoint an advisory
12 committee to assist in conducting the study required by this
13 section and to obtain comments from interested parties. The
14 committee shall include members who represent:

- 15 (1) life insurance agents;
16 (2) life insurers, including stipulated premium
17 insurance companies;
18 (3) the office of public insurance counsel;
19 (4) consumers; and
20 (5) any other group the commissioner determines could
21 contribute to the study.

22 (e) The advisory committee appointed under Subsection (d)
23 of this section is abolished and this section expires September 1,
24 2005.

25 SECTION 3. Not later than January 1, 2004, the commissioner
26 of insurance shall adopt rules as required by Section 1101.352,
27 Insurance Code, as added by this Act.

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