

By: Ellis

S.B. No. 137

A BILL TO BE ENTITLED

1 AN ACT

2 relating to certain life insurance policies insuring the life of an  
3 employee or other third parties.

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

5 SECTION 1. Subchapter B, Chapter 1103, Insurance Code, as  
6 effective June 1, 2003, is amended by adding Section 1103.057 to  
7 read as follows:

8 Sec. 1103.057. CERTAIN LIFE INSURANCE POLICIES INSURING  
9 EMPLOYEES PROHIBITED. (a) An individual who is insured under a life  
10 insurance policy may not designate or consent to the designation of  
11 an individual, partnership, association, corporation, or other  
12 legal entity who is the employer of the individual as a beneficiary  
13 of the policy.

14 (b) Subsection (a) does not apply if:

15 (1) the employer is an individual who is related by  
16 blood or marriage to the individual who is insured under the policy;  
17 or

18 (2) the designation would otherwise be permitted under  
19 Section 1103.003 or 1103.004.

20 SECTION 2. Section 1103.056, Insurance Code, as effective  
21 June 1, 2003, is repealed.

22 SECTION 3. This Act takes effect September 1, 2003, and  
23 applies only to an insurance policy that is delivered or issued for  
24 delivery on or after that date. A policy that is delivered or

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1 issued for delivery before September 1, 2003, is governed by the  
2 law as it existed immediately before the effective date of this Act,  
3 and that law is continued in effect for that purpose.