

By: Williams

S.B. No. 373

A BILL TO BE ENTITLED

AN ACT

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

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

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

Art. 3.51-10. NOTICE OF PREMIUM RATE INCREASE. Not less than 60 ~~30~~ days before the date on which a premium rate increase takes effect on a group policy of health, accident and health, or life, health, and accident insurance delivered or issued for delivery in this state by a life, accident, health or casualty insurance company, mutual life insurance company, mutual insurance company other than life, mutual or natural premium life insurance company, general casualty company, Lloyds, reciprocal or interinsurance exchange, fraternal benefit society, group hospitalization service insurer, or local mutual aid association, the insurer shall give written notice of the premium rate increase to the policyholder or in the instance of a multiple employer trust to the trustee or group policyholder of the amount of such increase and the date on which the increase is to take effect. Such notice is also required for increases in subscriber charges and service fees under group policies or contracts or coverage provided by health maintenance organizations. Notice shall be based upon coverages in effect on the date of the notice and nothing contained herein shall be

1 construed to prevent the insurer or health maintenance organization
2 from negotiating changes in benefits and/or rates at the request of
3 the policyholder after the required notice has been delivered.

4 SECTION 2. Subsection (b), Section 1132.001, Insurance
5 Code, as effective June 1, 2003, is amended to read as follows:

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

11 (1) the amount of the increase; and

12 (2) the date on which the increase is to take effect.

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

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