

1-1 By: Williams S.B. No. 373  
1-2 (In the Senate - Filed February 5, 2003; February 11, 2003,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 March 11, 2003, reported favorably by the following vote: Yeas 9,  
1-5 Nays 0; March 11, 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. Not less than  
1-14 60 [~~30~~] days before the date on which a premium rate increase takes  
1-15 effect on a group policy of health, accident and health, or life,  
1-16 health, and accident insurance delivered or issued for delivery in  
1-17 this state by a life, accident, health or casualty insurance  
1-18 company, mutual life insurance company, mutual insurance company  
1-19 other than life, mutual or natural premium life insurance company,  
1-20 general casualty company, Lloyds, reciprocal or interinsurance  
1-21 exchange, fraternal benefit society, group hospitalization service  
1-22 insurer, or local mutual aid association, the insurer shall give  
1-23 written notice of the premium rate increase to the policyholder or  
1-24 in the instance of a multiple employer trust to the trustee or group  
1-25 policyholder of the amount of such increase and the date on which  
1-26 the increase is to take effect. Such notice is also required for  
1-27 increases in subscriber charges and service fees under group  
1-28 policies or contracts or coverage provided by health maintenance  
1-29 organizations. Notice shall be based upon coverages in effect on  
1-30 the date of the notice and nothing contained herein shall be  
1-31 construed to prevent the insurer or health maintenance organization  
1-32 from negotiating changes in benefits and/or rates at the request of  
1-33 the policyholder after the required notice has been delivered.

1-34 SECTION 2. Subsection (b), Section 1132.001, Insurance  
1-35 Code, as effective June 1, 2003, is amended to read as follows:

1-36 (b) Not later than the 61st [~~31st~~] day before the date on  
1-37 which a premium rate increase takes effect on a group policy of life  
1-38 insurance delivered or issued for delivery in this state by an  
1-39 insurer, the insurer shall give written notice to the policyholder  
1-40 of:

1-41 (1) the amount of the increase; and

1-42 (2) the date on which the increase is to take effect.

1-43 SECTION 3. Article 3.51-10 and Subsection (b), Section  
1-44 1132.001, Insurance Code, as amended by this Act, apply only to an  
1-45 increase in premium rates, subscriber charges, or service fees that  
1-46 takes effect on or after March 1, 2004. An increase that takes  
1-47 effect before March 1, 2004, is governed by the law as it existed  
1-48 immediately before the effective date of this Act, and that law is  
1-49 continued in effect for this purpose.

1-50 SECTION 4. This Act takes effect September 1, 2003.

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