By: Ellis   S.B. No. 1619

A BILL TO BE ENTITLED

1   AN ACT

2   relating to regulating premiums charged for certain life insurance

3   policies.

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

5   SECTION 1. Chapter 1101, Insurance Code, is amended by

6   adding Subchapter F to read as follows:

7   SUBCHAPTER F. MAXIMUM AMOUNT OF PREMIUMS CHARGED FOR CERTAIN LIFE

8   INSURANCE POLICIES

9   Sec. 1101.251. DEFINITION. In this subchapter, "insurer"

10   means any insurance company or other entity authorized to engage in

11   the business of life insurance in this state. The term does not

12   include a fraternal benefit society.

13   Sec. 1101.252. APPLICABILITY. This subchapter applies only

14   to a life insurance policy issued in this state with an initial face

15   amount of $15,000 or less.

16   Sec. 1101.253. MAXIMUM AMOUNT OF PREMIUMS PAID. (a) An

17   insurer may not charge or collect premiums for a life insurance

18   policy that in the aggregate, less dividends paid in cash, exceed

19   the amount computed under this section by multiplying the amount of

20   the maximum death benefit available under the policy by the

21   appropriate numerical factor associated with the age of the insured

22   at the time the policy is issued.

23   (b) If the policy is issued before the insured reaches the

24   insured's 21st birthday, the numerical factor is 1.5.

1   (c) If the policy is issued on or after the insured's 21st

2 birthday but before the insured reaches the insured's 46th

3 birthday, the numerical factor is computed by:

4   (1) subtracting 20 from the age of the insured in whole

5 years as of the insured's most recent birthday;

6   (2) multiplying the result computed under Subdivision

7 (1) by .04; and

8   (3) adding 1.5 to the result computed under

9 Subdivision (2).

10   (d) If the policy is issued on or after the insured's 46th

11 birthday but before the insured reaches the insured's 65th

12 birthday, the numerical factor is computed by:

13   (1) subtracting 45 from the age of the insured in whole

14 years as of the insured's most recent birthday;

15   (2) multiplying the result computed under Subdivision

16 (1) by .05; and

17   (3) adding 2.5 to the result computed under

18 Subdivision (2).

19   (e) If the policy is issued on or after the insured's 65th

20 birthday but before the insured reaches the insured's 86th

21 birthday, the numerical factor is 3.5.

22   (f) If the policy is issued on or after the insured's 86th

23 birthday but before the insured reaches the insured's 89th

24 birthday, the numerical factor is computed by:

25   (1) subtracting 85 from the age of the insured in whole

26 years as of the insured's most recent birthday;

27   (2) multiplying the result computed under Subdivision

1 (1) by .18; and

2 (3) subtracting the result computed under Subdivision

3 (2) from 3.5.

4 (g) If the policy is issued on or after the insured's 89th

5 birthday but before the insured reaches the insured's 96th

6 birthday, the numerical factor is computed by:

7 (1) subtracting 85 from the age of the insured in whole

8 years as of the insured's most recent birthday;

9 (2) multiplying the result computed under Subdivision

10 (1) by .18; and

11 (3) subtracting the result computed under Subdivision

12 (2) from 3.51.

13 (h) If the policy is issued on or after the insured's 96th

14 birthday but before the insured reaches the insured's 99th

15 birthday, the numerical factor is computed by:

16 (1) subtracting 85 from the age of the insured in whole

17 years as of the insured's most recent birthday;

18 (2) multiplying the result computed under Subdivision

19 (1) by .18; and

20 (3) subtracting the result computed under Subdivision

21 (2) from 3.52.

22 (i) If the policy is issued on or after the insured's 99th

23 birthday, the numerical factor is 1.

24 Sec. 1101.254. EFFECT OF PAYING MAXIMUM PREMIUMS. When the

25 aggregate premiums paid for a life insurance policy reach the

26 maximum amount computed under Section 1101.203, the life insurance

27 policy becomes a paid-up policy.

1   Sec. 1101.255. RULES. The commissioner may adopt rules

2 necessary for the implementation of this subchapter.

3   SECTION 2. (a) This Act takes effect September 1, 2003, and

4 applies only to a life insurance policy that is delivered, issued

5 for delivery, or renewed after January 1, 2004.

6   (b) A life insurance policy that is delivered, issued for

7 delivery, or renewed before January 1, 2004, is governed by the law

8 as it existed immediately before the effective date of this Act, and

9 the former law is continued in effect for that purpose.