

By: Averitt

S.B. No. 1668

A BILL TO BE ENTITLED

AN ACT

relating to the sale of insurance by financial institutions employed by a trustee.

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

SECTION 1. Subsection (f), Section 113.053, Property Code, is amended to read as follows:

(f) A national banking association, a state-chartered corporation, including a state-chartered bank or trust company, a state or federal savings and loan association that has the right to exercise trust powers and that is serving as trustee, or such an institution that is serving as custodian with respect to an individual retirement account, as defined by Section 408, Internal Revenue Code, or an employee benefit plan, as defined by Section 3(3), Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1002(3)), regardless of whether the custodial account is, or would otherwise be, considered a trust for the purposes of this subtitle, may:

(1) employ an affiliate or division within a financial institution to provide brokerage, insurance, investment, administrative, custodial, or other account services for the trust or custodial account and charge the trust or custodial account for the services, provided, however, that this section does not alter or negate applicable licensing and regulatory requirements administered by a functional regulatory agency of this state

1 ~~[nothing in this section shall allow an affiliate or division to~~
2 ~~engage in the sale or business of insurance if not otherwise~~
3 ~~permitted to do so]; and~~

4 (2) receive compensation, directly or indirectly, on
5 account of the services performed by the affiliate or division
6 within the financial institution, whether in the form of shared
7 commissions, fees, or otherwise, provided that any amount charged
8 by the affiliate or division for the services is disclosed and does
9 not exceed the customary or prevailing amount that is charged by the
10 affiliate or division, or a comparable entity, for comparable
11 services rendered to a person other than the trust.

12 SECTION 2. This Act takes effect September 1, 2003.