

1-1 By: Averitt S.B. No. 1668  
1-2 (In the Senate - Filed March 14, 2003; March 20, 2003, read  
1-3 first time and referred to Committee on Business and Commerce;  
1-4 April 10, 2003, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 10, 2003,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1668 By: Jackson

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the sale of insurance by financial institutions  
1-11 employed by a trustee.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subsection (f), Section 113.053, Property Code,  
1-14 is amended to read as follows:

1-15 (f) A national banking association, a state-chartered  
1-16 corporation, including a state-chartered bank or trust company, a  
1-17 state or federal savings and loan association that has the right to  
1-18 exercise trust powers and that is serving as trustee, or such an  
1-19 institution that is serving as custodian with respect to an  
1-20 individual retirement account, as defined by Section 408, Internal  
1-21 Revenue Code, or an employee benefit plan, as defined by Section  
1-22 3(3), Employee Retirement Income Security Act of 1974 (29 U.S.C.  
1-23 Section 1002(3)), regardless of whether the custodial account is,  
1-24 or would otherwise be, considered a trust for the purposes of this  
1-25 subtitle, may:

1-26 (1) employ an affiliate or division within a financial  
1-27 institution to provide brokerage, insurance, investment,  
1-28 administrative, custodial, or other account services for the trust  
1-29 or custodial account and charge the trust or custodial account for  
1-30 the services, provided, however, that this section does not alter  
1-31 or negate applicable licensing and regulatory requirements  
1-32 administered by a functional regulatory agency of this state  
1-33 ~~[nothing in this section shall allow an affiliate or division to~~  
1-34 ~~engage in the sale or business of insurance if not otherwise~~  
1-35 ~~permitted to do so]; and~~

1-36 (2) receive compensation, directly or indirectly, on  
1-37 account of the services performed by the affiliate or division  
1-38 within the financial institution, whether in the form of shared  
1-39 commissions, fees, or otherwise, provided that any amount charged  
1-40 by the affiliate or division for the services is disclosed and does  
1-41 not exceed the customary or prevailing amount that is charged by the  
1-42 affiliate or division, or a comparable entity, for comparable  
1-43 services rendered to a person other than the trust.

1-44 SECTION 2. This Act takes effect September 1, 2003.

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