

BILL ANALYSIS

H.B. 935
By: Taylor
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Most consumers are dependent on their employers for their health and life insurance coverage. Group life has steadily and increasingly become the most dominant form of life insurance coverage and in most cases offers lower rates to consumers. Current provisions in law prohibit insurance carriers from issuing a group life insurance policy covering fewer than 10 employees.

In Texas there are more than 200,000 small businesses that employ fewer than 10 employees. These businesses are currently unable to offer their employees group life insurance. This prohibition can create a barrier for small business owners who want to recruit and retain talented employees by offering them a competitive benefit package compared to benefits being offered by large employers. HB 935 simply changes the minimum number of employees a business must have to qualify to offer group life insurance coverage to businesses with at least two (2) employees.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 1131.204(a), Insurance Code to change the minimum number of employees to offer group life insurance coverage from ten (10) to two (2) on the date the policy is issued.

SECTION 2. Applies this act to policies issued, delivered or renewed effective January 1, 2006. A policy issued, delivered, or renewed before this date is governed by existing law at that time.

SECTION 3. Effective Date: September 1, 2005

EFFECTIVE DATE

September 1, 2005. This Act applies beginning with January 1, 2006.