

BILL ANALYSIS

H.B. 1571
By: Taylor
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current statutes authorize the group policyholder to pay the premium for the policy either (i) wholly from the employer's funds or funds contributed by the employer, or (ii) partly from the employer's funds and partly from funds contributed by the employees.

HB 1571 would add a third alternative to the source of the premium funds: premiums could be paid wholly from funds contributed by the insured employees.

This bill would also make available a group life insurance policy to employees of an employer notwithstanding that the employer makes no contribution of funds to pay the premium, but permits the employees to have the advantage of the group life insurance, the premiums for which would be paid entirely by the employees' funds.

The bill broadens the opportunity for employees to have access to group life insurance, but paid for entirely from employees' funds.

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: The bill amends Section 1131.203(a) of the Insurance Code to provide a third alternative for the payment of a policy premium wholly from funds contributed by insured employees.

Section 2: The bill repeals Section 1131.203(b) of the Insurance Code relating to the prohibition on the issuance of a policy whose entire premium was paid by insured employees and Section 1131.204(b) of the Insurance Code relating to a policy's effective date elected by employees who pay part of the premium.

Section 3: The bill applies only to a group life insurance policy delivered, issued for delivery or renewed on or after the effective date of the act. A policy delivered, issued for delivery or renewed before the effective date of the act is governed by the law in effect before that date.

Section 4: Effective upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.