

By: Berman

H.B. No. 526

A BILL TO BE ENTITLED

AN ACT

relating to limits placed on coverage amounts of certain group life insurance policies or certificates.

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

SECTION 1. Sections 1131.455(a), (b), and (d), Insurance Code, are amended to read as follows:

(a) Except as otherwise provided by this section, the amount of insurance on a debtor's life under the policy may not exceed ~~the lesser of:~~

~~(1)~~ the amount of the debtor's indebtedness~~;~~

~~(2) \$50,000, if the indebtedness is not secured by a first lien on real estate; or~~

~~(3) \$125,000, if the indebtedness is secured by a first lien on real estate].~~

(b) Subject to Subsections (c) and (d), the face amount of any loan or loan commitment, totally or partially executed, made to a debtor for educational purposes or to a debtor with seasonal income by a creditor in good faith for general agricultural or horticultural purposes, secured or unsecured, under which the debtor becomes personally liable for the payment of the loan, may be insured in an initial amount of insurance not to exceed ~~the lesser of:~~

~~(1)~~ the total amount payable under the contract of indebtedness~~;~~ ~~or~~

1 ~~[(2) \$100,000 on any one life].~~

2 (d) Insurance on a loan commitment described by Subsection
3 (b) that does not exceed one year in duration may be written up to
4 the amount of the loan commitment on a nondecreasing or level term
5 plan ~~[but may not exceed \$100,000 on any one life].~~

6 SECTION 2. The following laws are repealed:

7 (1) Sections 1131.205(b)-(d), Insurance Code;

8 (2) Sections 1131.255(b)-(d), Insurance Code;

9 (3) Section 1131.405(b), Insurance Code;

10 (4) Section 1131.754, Insurance Code; and

11 (5) Section 1131.755(b), Insurance Code.

12 SECTION 3. The changes in law made by this Act apply only to
13 a group life insurance policy or certificate that is delivered,
14 issued for delivery, or renewed on or after the effective date of
15 this Act. A group life insurance policy or certificate that is
16 delivered, issued for delivery, or renewed before the effective
17 date of this Act is covered by the law in effect at the time the
18 policy or certificate was delivered, issued for delivery, or
19 renewed, and that law is continued in effect for that purpose.

20 SECTION 4. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2005.