

1-1 By: Berman (Senate Sponsor - Deuell) H.B. No. 526
1-2 (In the Senate - Received from the House April 25, 2005;
1-3 April 26, 2005, read first time and referred to Committee on State
1-4 Affairs; May 9, 2005, reported favorably by the following vote:
1-5 Yeas 7, Nays 0; May 9, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to limits placed on coverage amounts of certain group life
1-9 insurance policies or certificates.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Sections 1131.455(a), (b), and (d), Insurance
1-12 Code, are amended to read as follows:

1-13 (a) Except as otherwise provided by this section, the amount
1-14 of insurance on a debtor's life under the policy may not exceed [~~the~~
1-15 ~~lesser of:~~

1-16 [~~(1)~~] the amount of the debtor's indebtedness[~~+~~
1-17 [~~(2)~~ \$50,000, if the indebtedness is not secured by a
1-18 ~~first lien on real estate, or~~
1-19 [~~(3)~~ \$125,000, if the indebtedness is secured by a
1-20 ~~first lien on real estate]~~.

1-21 (b) Subject to Subsections (c) and (d), the face amount of
1-22 any loan or loan commitment, totally or partially executed, made to
1-23 a debtor for educational purposes or to a debtor with seasonal
1-24 income by a creditor in good faith for general agricultural or
1-25 horticultural purposes, secured or unsecured, under which the
1-26 debtor becomes personally liable for the payment of the loan, may be
1-27 insured in an initial amount of insurance not to exceed [~~the lesser~~
1-28 ~~of:~~

1-29 [~~(1)~~] the total amount payable under the contract of
1-30 indebtedness[~~+~~ ~~or~~
1-31 [~~(2)~~ \$100,000 on any one life].

1-32 (d) Insurance on a loan commitment described by Subsection
1-33 (b) that does not exceed one year in duration may be written up to
1-34 the amount of the loan commitment on a nondecreasing or level term
1-35 plan [~~but may not exceed \$100,000 on any one life]~~.

1-36 SECTION 2. The following laws are repealed:

- 1-37 (1) Sections 1131.205(b)-(d), Insurance Code;
1-38 (2) Sections 1131.255(b)-(d), Insurance Code;
1-39 (3) Section 1131.405(b), Insurance Code;
1-40 (4) Section 1131.754, Insurance Code; and
1-41 (5) Section 1131.755(b), Insurance Code.

1-42 SECTION 3. The changes in law made by this Act apply only to
1-43 a group life insurance policy or certificate that is delivered,
1-44 issued for delivery, or renewed on or after the effective date of
1-45 this Act. A group life insurance policy or certificate that is
1-46 delivered, issued for delivery, or renewed before the effective
1-47 date of this Act is covered by the law in effect at the time the
1-48 policy or certificate was delivered, issued for delivery, or
1-49 renewed, and that law is continued in effect for that purpose.

1-50 SECTION 4. This Act takes effect immediately if it receives
1-51 a vote of two-thirds of all the members elected to each house, as
1-52 provided by Section 39, Article III, Texas Constitution. If this
1-53 Act does not receive the vote necessary for immediate effect, this
1-54 Act takes effect September 1, 2005.

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