

By: Olivo

H.B. No. 3039

A BILL TO BE ENTITLED

AN ACT

1
2 relating to certain life insurance policies insuring the life of an
3 employee.

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

5 SECTION 1. Subchapter B, Chapter 1103, Insurance Code, is
6 amended by adding Section 1103.057 to read as follows:

7 Sec. 1103.057. CERTAIN LIFE INSURANCE POLICIES INSURING
8 EMPLOYEES PROHIBITED. (a) Notwithstanding any other provision of
9 this subchapter and subject to Subsection (b), an individual,
10 partnership, association, corporation, or other legal entity,
11 including a governmental entity, who is the employer of an
12 individual who is insured under a life insurance policy may not be
13 designated as a beneficiary to receive the proceeds of the policy.

14 (b) Subsection (a) does not prohibit the designation of an
15 employer as a beneficiary of a policy if:

16 (1) the employer is an individual who is related by
17 blood or marriage to the individual who is insured under the policy;
18 or

19 (2) the designation would otherwise be permitted under
20 Section 1103.003 or 1103.004.

21 (c) In addition to other penalties authorized by this code,
22 a violation of this section is an unfair or deceptive act or
23 practice in the business of insurance for purposes of Chapter 541.
24 An insurer that violates this section is subject to sanctions under

1 Chapter 82.

2 SECTION 2. This Act applies only to an insurance policy that
3 is delivered or issued for delivery on or after the effective date
4 of this Act. A policy that is delivered or issued for delivery
5 before the effective date of this Act is governed by the law as it
6 existed immediately before that date, and that law is continued in
7 effect for that purpose.

8 SECTION 3. This Act takes effect September 1, 2005.