

By: Shapleigh

S.B. No. 506

Substitute the following for S.B. No. 506:

By: Thompson

C.S.S.B. No. 506

A BILL TO BE ENTITLED

AN ACT

relating to the sale of life insurance to military personnel;
providing an administrative penalty.

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

SECTION 1. Subtitle C, Title 5, Insurance Code, as
effective April 1, 2005, is amended by adding Chapter 560 to read as
follows:

CHAPTER 560. SALE OF LIFE INSURANCE TO CERTAIN MILITARY PERSONNEL

Sec. 560.001. DEFINITION. In this chapter, "life insurance" does not include credit life insurance as described by Section 1153.151.

Sec. 560.002. REQUIRED DISCLOSURE. An insurer or an insurer's agent may not sell a life insurance policy to a member of the United States armed forces or the Texas National Guard unless the insurer or agent first notifies the member that subsidized or less expensive life insurance may be available to the member from the state or federal government.

Sec. 560.003. ADDITIONAL DISCLOSURE AND MARKETING STANDARDS. The commissioner by rule shall adopt standards for the disclosure required under Section 560.002 and for the marketing of life insurance products specifically directed to members of the United States armed forces and the Texas National Guard. The standards adopted under this section must prohibit dishonest and unfair insurance sales practices. The standards adopted under this

1 section must be consistent with any federal standards adopted.

2 Sec. 560.004. APPLICABILITY TO CONDUCT ON CERTAIN FEDERAL
3 PROPERTY. To the extent authorized by federal law, this chapter and
4 rules adopted under this chapter apply to conduct on a federal
5 military installation or other federal land or facility.

6 Sec. 560.005. ENFORCEMENT. In addition to the sanctions
7 authorized by Chapter 82, the commissioner may revoke the
8 certificate of authority of an insurer or the license of an agent if
9 the commissioner finds that the insurer or agent has violated this
10 chapter.

11 SECTION 2. The commissioner of insurance shall adopt rules
12 under Section 560.003, Insurance Code, as added by this Act, not
13 later than the 60th day after the effective date of this Act.

14 SECTION 3. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2005.