

By: Shapleigh

S.B. No. 506

A BILL TO BE ENTITLED

AN ACT

relating to the sale of life insurance to military personnel.

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. 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. 560.002. ADDITIONAL MARKETING STANDARDS. The commissioner by rule shall adopt standards for the marketing of life insurance products to members of the United States armed forces and the Texas National Guard. The standards adopted under this section must prohibit dishonest and predatory insurance sales practices, including the marketing of a life insurance product as an investment product.

Sec. 560.003. APPLICABILITY TO CONDUCT ON CERTAIN FEDERAL PROPERTY. To the extent authorized by federal law, this chapter and rules adopted under this chapter apply to conduct on a federal military installation or other federal land or facility.

1 Sec. 560.004. ENFORCEMENT. In addition to the sanctions
2 authorized by Chapter 82, the commissioner shall revoke the
3 certificate of authority of an insurer or the license of an agent if
4 the commissioner finds that the insurer or agent has violated this
5 chapter.

6 SECTION 2. The commissioner of insurance shall adopt rules
7 under Section 560.002, Insurance Code, as added by this Act, not
8 later than the 60th day after the effective date of this Act.

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