

1-1 By: Shapleigh S.B. No. 506  
1-2 (In the Senate - Filed February 14, 2005; February 28, 2005,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 March 23, 2005, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 8, Nays 0; March 23, 2005,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 506 By: Armbrister

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the sale of life insurance to military personnel;  
1-11 providing an administrative penalty.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subtitle C, Title 5, Insurance Code, as  
1-14 effective April 1, 2005, is amended by adding Chapter 560 to read as  
1-15 follows:

1-16 CHAPTER 560. SALE OF LIFE INSURANCE TO CERTAIN MILITARY PERSONNEL

1-17 Sec. 560.001. REQUIRED DISCLOSURE. An insurer or an  
1-18 insurer's agent may not sell a life insurance policy to a member of  
1-19 the United States armed forces or the Texas National Guard unless  
1-20 the insurer or agent first notifies the member that subsidized or  
1-21 less expensive life insurance may be available to the member from  
1-22 the state or federal government.

1-23 Sec. 560.002. ADDITIONAL DISCLOSURE AND MARKETING  
1-24 STANDARDS. The commissioner by rule shall adopt standards for the  
1-25 disclosure required under Section 560.001 and for the marketing of  
1-26 life insurance products to members of the United States armed  
1-27 forces and the Texas National Guard. The standards adopted under  
1-28 this section must prohibit dishonest and predatory insurance sales  
1-29 practices. The standards adopted under this section must be  
1-30 consistent with any federal standards adopted.

1-31 Sec. 560.003. APPLICABILITY TO CONDUCT ON CERTAIN FEDERAL  
1-32 PROPERTY. To the extent authorized by federal law, this chapter and  
1-33 rules adopted under this chapter apply to conduct on a federal  
1-34 military installation or other federal land or facility.

1-35 Sec. 560.004. ENFORCEMENT. In addition to the sanctions  
1-36 authorized by Chapter 82, the commissioner may revoke the  
1-37 certificate of authority of an insurer or the license of an agent if  
1-38 the commissioner finds that the insurer or agent has violated this  
1-39 chapter.

1-40 SECTION 2. The commissioner of insurance shall adopt rules  
1-41 under Section 560.002, Insurance Code, as added by this Act, not  
1-42 later than the 60th day after the effective date of this Act.

1-43 SECTION 3. This Act takes effect immediately if it receives  
1-44 a vote of two-thirds of all the members elected to each house, as  
1-45 provided by Section 39, Article III, Texas Constitution. If this  
1-46 Act does not receive the vote necessary for immediate effect, this  
1-47 Act takes effect September 1, 2005.

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