

BILL ANALYSIS

Senate Research Center
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H.B. 1847
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law requires insurance companies to file policy forms for life, accident, health, and long-term care insurance for approval by the Texas Department of Insurance (TDI). Many companies doing business in Texas have obtained policy forms approved in other states that include noninsurance benefits as part of the policy, including discount cards for health, vision, dental, prescriptions, physical fitness programs or facilities, or other similar programs; financial planning, will preparation or similar services; and contributions for educational savings on behalf of a policyholder or certificate holder. TDI has been reluctant to approve policy forms that include such benefits in the absence of specific statutory authority.

Authorizing the inclusion of such benefits would provide an additional benefit to consumers, and encourage competition among insurers. The benefits would be required to be reasonably related to the type of policy being filed. Including them in the policy also avoids any controversy from those who believe that providing such benefits at no cost does not constitute a rebate.

H.B. 1847 defines and authorizes noninsurance benefits to be approved as part of a life, health, accident, or long-term care policy. The bill also provides an exception to the current requirement that benefits be payable in currency.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1701.061, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1701, Insurance Code, by adding Section 1701.061, as follows:

Sec. 1701.061. NONINSURANCE BENEFITS. (a) Defines "noninsurance benefit" (benefit).

(b) Authorizes an insurer to include a benefit that is reasonably related to a policy or certificate as part of the policy or certificate form to be issued to an insured or certificate holder.

(c) Requires a policy form filing that includes a benefit to include a description of the benefit, a notice that fully discloses the benefit to the policyholder or certificate holder, and an explanation of any condition on which termination of the benefit will occur.

(d) Provides that Section 541.061 (Misrepresentation of Insurance Policy) applies to a benefit provided as part of a policy or certificate.

(e) Provides that Section 1102.002 (Benefits Payable in Currency) does not apply to a benefit provided as part of a policy or certificate.

(f) Authorizes the commissioner of insurance to adopt rules to implement this section, including certain rules as set forth in this subsection.

SECTION 2. Effective date: upon passage or September 1, 2007.