

By: Hancock

H.B. No. 1847

A BILL TO BE ENTITLED

AN ACT

relating to related services and ancillary benefits for accident, health, life and long-term care insurance.

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

SECTION 1. Section 541.058, Insurance Code is amended to read as follows:

Sec. 541.058. CERTAIN PRACTICES NOT CONSIDERED DISCRIMINATION OR INDUCEMENT. It is not a rebate or discrimination prohibited by Section 541.056(a) or 541.057:

(1) for a life insurance or life annuity contract, to pay a bonus to a policyholder or otherwise abate the policyholder's premiums in whole or in part out of surplus accumulated from nonparticipating insurance policies if the bonus or abatement:

(A) is fair and equitable to policyholders; and

(B) is in the best interests of the insurer and its policyholders;

(2) for a life insurance policy issued on the industrial debit plan, to make to a policyholder who has continuously for a specified period made premium payments directly to the insurer's office an allowance in an amount that fairly represents the saving in collection expenses;

(3) for a group insurance policy, to readjust the rate of premium based on the loss or expense experience under the policy at the end of a policy year if the adjustment is retroactive for

1 only that policy year;

2 (4) for a life annuity contract, to waive surrender
3 charges under the contract when the contract holder exchanges that
4 contract for another annuity contract issued by the same insurer if
5 the waiver and the exchange are fully, fairly, and accurately
6 explained to the contract holder in a manner that is not deceptive
7 or misleading; or

8 (5) for an insurer or health maintenance organization
9 in connection with an accident or health insurance policy to
10 provide health related services, health related information, or
11 other programs promoting wellness, health promotion, disease
12 prevention, and/or health maintenance to existing or prospective
13 policyholders, certificate holders, or enrollees in addition to the
14 terms of the insurance contract. An insurer issuing an accident and
15 health insurance policy may also establish premium discounts, or
16 reduction in otherwise applicable co-payments, coinsurance,
17 deductibles, or any combination of these incentives, for
18 participation in programs promoting wellness, health and disease
19 prevention.

20 SECTION 2. Amend Chapter 1701, Insurance Code, by adding a
21 new Section 1701.061 to read as follows:

22 Sec.1701.061. Ancillary Benefits.

23 (a) Ancillary benefits means a good or service provided or
24 disclosed as part of a policy or certificate of insurance that are
25 reasonably related to the type of policy or certificate being
26 issued.

27 (b) An insurer may include an ancillary benefit as part of a

1 policy or certificate form to be issued to an insured or certificate
2 holder that is reasonably related to the policy or certificate. The
3 department shall apply a liberal construction in reviewing the
4 relationship of ancillary benefits to the policy or certificate
5 filed under this section in order to allow insurers the flexibility
6 to include ancillary benefits in a specific or more general manner
7 that may provides valuable goods or services to policyholders or
8 certificate holders. The department shall approve filings which
9 include an ancillary benefit if the ancillary benefit is reasonably
10 related to the policy or certificate.

11 (c) Section 1102.002 is not applicable to an ancillary
12 benefit provided as part of a policy or certificate. An ancillary
13 benefit approved in a policy of insurance under this Chapter does
14 not violate Section 541.056(a) or 541.057 of this Code.

15 SECTION 3. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2007.