

1-1 By: Eiland (Senate Sponsor - Averitt) H.B. No. 2765  
1-2 (In the Senate - Received from the House May 9, 2007;  
1-3 May 10, 2007, read first time and referred to Committee on State  
1-4 Affairs; May 15, 2007, reported favorably by the following vote:  
1-5 Yeas 8, Nays 0; May 15, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to certain variable insurance contracts.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Subchapter C, Chapter 1152, Insurance Code, is  
1-11 amended by adding Section 1152.110 to read as follows:

1-12 Sec. 1152.110. PRIVATE PLACEMENT CONTRACTS. (a) In this  
1-13 section, "private placement contract" means a variable annuity  
1-14 contract or variable life insurance policy that is:

1-15 (1) issued exclusively to an accredited investor or  
1-16 qualified purchaser, as those terms are defined by the Securities  
1-17 Act of 1933 (15 U.S.C. Section 77a et seq.), the Investment Company  
1-18 Act of 1940 (15 U.S.C. Section 80a-1 et seq.), or the regulations  
1-19 promulgated under either of those acts; and

1-20 (2) offered for sale and sold in a transaction that is  
1-21 exempt from registration under the Securities Act of 1933 (15  
1-22 U.S.C. Section 77a et seq.).

1-23 (b) A private placement contract may provide that the  
1-24 insurer issuing the contract may defer payments or advances for  
1-25 loans, cash surrender values, or death benefits until the separate  
1-26 account assets, or any portion of the separate account assets,  
1-27 comprising rights to loans, cash surrender values, or death  
1-28 benefits can be converted to cash under any applicable terms.

1-29 (c) Section 1103.104 does not apply to the computation of  
1-30 the interest on the proceeds of a private placement contract.

1-31 SECTION 2. Section 1101.011, Insurance Code, is amended to  
1-32 read as follows:

1-33 Sec. 1101.011. TIME FOR SETTLEMENT OF CLAIM. (a) Except as  
1-34 provided by Subsection (b), a [A] life insurance policy must  
1-35 provide that settlement under the policy after the death of the  
1-36 insured will be made not later than two months after the date of  
1-37 receipt of proof of:

1-38 (1) the death; and

1-39 (2) the right of the claimant to the proceeds of the  
1-40 policy.

1-41 (b) A private placement contract issued under Section  
1-42 1152.110 may provide that:

1-43 (1) settlement of that portion of the contract  
1-44 attributable to separate account assets is subject to the liquidity  
1-45 of those assets; and

1-46 (2) the portion of the contract described by  
1-47 Subdivision (1) must be settled by the insurer when the separate  
1-48 account assets are converted to cash under any applicable terms,  
1-49 which may be a period longer than the two-month period described by  
1-50 Subsection (a).

1-51 SECTION 3. Section 1103.102, Insurance Code, is amended by  
1-52 amending Subsection (a) and adding Subsection (c) to read as  
1-53 follows:

1-54 (a) Except as provided by Subsection (b) or (c), if an  
1-55 individual obtains a policy insuring the individual's life,  
1-56 designates in writing a beneficiary to receive the proceeds of the  
1-57 policy, and files the written designation with the company, the  
1-58 company shall pay the proceeds that become due on the death of the  
1-59 insured to the designated beneficiary.

1-60 (c) A private placement contract issued under Section  
1-61 1152.110 may provide that:

1-62 (1) settlement of that portion of the contract  
1-63 attributable to separate account assets is subject to the liquidity  
1-64 of those assets; and

