

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 23, 2007**

**TO:** Honorable John T. Smithee, Chair, House Committee on Insurance

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1590** by Smithee (Relating to Chapter 425, Subchapter B, Insurance Code, the Standard Valuation Law, by adding Section 425.071 to include lapse rates in the calculation of reserves for secondary guarantees in universal life contracts.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Insurance Code to include lapse rates, not to exceed 2 percent per year, in the calculation of reserves for secondary guarantees in universal life contracts. The bill would authorize the commissioner to adopt any necessary rules.

Based on the analysis of the Texas Department of Insurance, it is assumed that any costs associated with implementing the provisions of the bill could be absorbed within existing resources.

The bill would take effect June 1, 2007 if it received a two-thirds vote in each house, otherwise the bill would take effect September 1, 2007.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, JRO, MW, SK