

## **BILL ANALYSIS**

C.S.H.B. 2690  
By: Hancock  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, if an employer did not establish a trust, but did want to provide a life insurance benefit to employees, the employer's life insurance policy would be solely for those employees. If an employee is subsequently laid off or retires, the employee would have to convert the employer's group life insurance to an individual policy, likely at higher premiums, because the employee would no longer be considered a part of the employer's group.

By allowing certain employers to adopt a trust already established by two or more employers, that employer will not have the expense of setting up a trust. Additionally, if an employee leaves the employer's service, that employee will still be an eligible member of the trust and can keep their group life insurance.

C.S.H.B. 2690 amends Texas trust laws to conform with the Group Life Model Act adopted by the National Association of Insurance Commissioners, which allows a fund to be adopted, as well as established, by certain groups of employers and labor unions, giving employers and labor unions more options in the group life insurance policies they can offer their employees and members, as applicable.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2690 amends the Insurance Code to make provisions authorizing a group life insurance policy for issuance to the trustees of a fund established by certain groups of employers and labor unions to insure the employer's employees or the unions' members applicable to a fund that is adopted by such groups.

C.S.H.B. 2690 applies its provisions to an insurance policy or contract or evidence of coverage that is delivered, issued for delivery, or renewed on or after January 1, 2010.

### **EFFECTIVE DATE**

September 1, 2009.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 2690 removes provisions in the original making provisions authorizing a group life insurance policy for issuance to an employer or to trustees of a fund established by an employer to insure the employer's employees applicable to a fund that is adopted by the employer.