

By: McReynolds

H.B. No. 1989

A BILL TO BE ENTITLED

1 AN ACT
2 relating to certain amounts payable by the Texas Life, Accident,
3 Health, and Hospital Service Insurance Guaranty Association.

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

5 SECTION 1. Section 463.204, Insurance Code, is amended to
6 read as follows:

7 Sec. 463.204. OBLIGATIONS EXCLUDED. A contractual
8 obligation does not include:

9 (1) death benefits in an amount in excess of \$300,000
10 or a net cash surrender or net cash withdrawal value in an amount in
11 excess of \$100,000 under one or more policies on a single life;

12 (2) an amount in excess of:

13 (A) \$250,000 [~~\$100,000~~] in the present value
14 under one or more annuity contracts issued with respect to a single
15 life under individual annuity policies or group annuity policies;
16 or

17 (B) \$5 million in unallocated annuity contract
18 benefits with respect to a single contract owner regardless of the
19 number of those contracts;

20 (3) an amount in excess of the following amounts,
21 including any net cash surrender or cash withdrawal values, under
22 one or more accident, health, accident and health, or long-term
23 care insurance policies on a single life:

24 (A) \$500,000 for basic hospital,

1 medical-surgical, or major medical insurance, as those terms are
2 defined by this code or rules adopted by the commissioner;

3 (B) \$300,000 for disability and long-term care
4 insurance, as those terms are defined by this code or rules adopted
5 by the commissioner; or

6 (C) \$200,000 for coverages that are not defined
7 as basic hospital, medical-surgical, major medical, disability, or
8 long-term care insurance;

9 (4) an amount in excess of \$250,000 [~~\$100,000~~] in
10 present value annuity benefits, in the aggregate, including any net
11 cash surrender and net cash withdrawal values, with respect to each
12 individual participating in a governmental retirement benefit plan
13 established under Section 401, 403(b), or 457, Internal Revenue
14 Code of 1986 (26 U.S.C. Sections 401, 403(b), and 457), covered by
15 an unallocated annuity contract or the beneficiary or beneficiaries
16 of the individual if the individual is deceased;

17 (5) an amount in excess of \$250,000 [~~\$100,000~~] in
18 present value annuity benefits, in the aggregate, including any net
19 cash surrender and net cash withdrawal values, with respect to each
20 payee of a structured settlement annuity or the beneficiary or
21 beneficiaries of the payee if the payee is deceased;

22 (6) aggregate benefits in an amount in excess of
23 \$300,000 with respect to a single life, except with respect to:

24 (A) benefits paid under basic hospital,
25 medical-surgical, or major medical insurance policies, described
26 by Subdivision (3)(A), in which case the aggregate benefits are
27 \$500,000; and

1 (B) benefits paid to one owner of multiple
2 nongroup policies of life insurance, whether the policy owner is an
3 individual, firm, corporation, or other person, and whether the
4 persons insured are officers, managers, employees, or other
5 persons, in which case the maximum benefits are \$5 million
6 regardless of the number of policies and contracts held by the
7 owner;

8 (7) an amount in excess of \$5 million in benefits, with
9 respect to either one plan sponsor whose plans own directly or in
10 trust one or more unallocated annuity contracts not included in
11 Subdivision (4) irrespective of the number of contracts with
12 respect to the contract owner or plan sponsor or one contract owner
13 provided coverage under Section 463.201(a)(3)(B), except that, if
14 one or more unallocated annuity contracts are covered contracts
15 under this chapter and are owned by a trust or other entity for the
16 benefit of two or more plan sponsors, coverage shall be afforded by
17 the association if the largest interest in the trust or entity
18 owning the contract or contracts is held by a plan sponsor whose
19 principal place of business is in this state, and in no event shall
20 the association be obligated to cover more than \$5 million in
21 benefits with respect to all these unallocated contracts;

22 (8) any contractual obligations of the insolvent or
23 impaired insurer under a covered policy or contract that do not
24 materially affect the economic value of economic benefits of the
25 covered policy or contract; or

26 (9) punitive, exemplary, extracontractual, or bad
27 faith damages, regardless of whether the damages are:

1 (A) agreed to or assumed by an insurer or
2 insured; or

3 (B) imposed by a court.

4 SECTION 2. The change in law made by this Act applies only
5 to an insurer that first becomes an impaired or insolvent insurer on
6 or after the effective date of this Act. An insurer that becomes an
7 impaired or insolvent insurer before the effective date of this Act
8 is governed by the law as it existed immediately before that date,
9 and that law is continued in effect for that purpose.

10 SECTION 3. This Act takes effect September 1, 2009.