

By: Flynn

H.B. No. 2663

A BILL TO BE ENTITLED

AN ACT

relating to certain life insurer conduct regarding life settlement  
and viatical settlement contracts.

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

SECTION 1. Subchapter A, Chapter 1111, Insurance Code, is  
amended by adding Section 1111.007 to read as follows:

Sec. 1111.007. NOTICE REQUIRED BY INSURERS. (a) This  
section applies only to an issuer of an individual or group life  
insurance policy that insures a person who the issuer has actual  
knowledge is:

(1) chronically or terminally ill; or

(2) at least 60 years of age.

(b) The insurer shall deliver a written notice to each owner  
of an individual life insurance policy or a certificate holder  
under a group life insurance policy that informs the owner or  
certificate holder that a life settlement contract or viatical  
settlement contract is available:

(1) when the owner or certificate holder:

(A) requests to surrender, wholly or partly, an  
individual life insurance policy or a certificate under a group  
life insurance policy;

(B) requests an accelerated death benefit under  
an individual life insurance policy or a certificate under a group  
life insurance policy; or

1           (C) requests to assign an individual life  
2 insurance policy or a certificate under a group life insurance  
3 policy to secure a loan;

4           (2) on a notice of lapse of an individual life  
5 insurance policy or a certificate under a group life insurance  
6 policy; or

7           (3) as the commissioner requires by rule.

8           SECTION 2. Subchapter A, Chapter 1111, Insurance Code, is  
9 amended by adding Section 1111.008 to read as follows:

10           Sec. 1111.008. PROHIBITED ACTS. A life insurer may not:

11           (1) prohibit, restrict, limit, or impair a life,  
12 accident, and health agent from lawfully negotiating or aiding,  
13 assisting, or otherwise participating in a life settlement or  
14 viatical settlement transaction under this subchapter;

15           (2) discriminate or permit discrimination between  
16 individuals of the same class, the same policy amount, and equal  
17 expectation of life in the rates charged for any life insurance  
18 policy or annuity contract because an individual entered into a  
19 life settlement contract or viatical settlement contract or is  
20 insured under a policy;

21           (3) make any false or misleading statements about life  
22 settlements, viatical settlements, or financing premiums due for a  
23 policy to any policy owner or insured to prevent or discourage the  
24 policy owner or insured from entering into a life settlement  
25 contract or viatical settlement contract; or

26           (4) engage in any transaction, act, practice, or  
27 course of business or dealing that restricts, limits, or impairs

1 the lawful transfer of ownership, change of beneficiary, or  
2 assignment of a policy.

3 SECTION 3. (a) Except as provided by Subsection (b) of  
4 this section, this Act takes effect September 1, 2009.

5 (b) Section 1111.007, Insurance Code, as added by this Act,  
6 takes effect January 1, 2010.