

By: Hancock

H.B. No. 2690

A BILL TO BE ENTITLED

AN ACT

relating to eligible policyholders for group life insurance.

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

SECTION 1. Sections 1131.051(a) and (c), Insurance Code, are amended to read as follows:

(a) A group life insurance policy may be issued to an employer or to trustees of a fund established or adopted by an employer to insure the employer's employees for the benefit of persons other than the employer.

(c) The employer or the trustees of a fund established or adopted by an employer are the policyholder under a policy to which this section applies.

SECTION 2. Sections 1131.053(a) and (d), Insurance Code, are amended to read as follows:

(a) A group life insurance policy that insures the employers' employees or the unions' members for the benefit of persons other than the employers or unions may be issued to the trustees of a fund established or adopted by two or more employers in the same industry or by one or more labor unions, by one or more employers in the same industry and one or more labor unions, or by one or more employers and one or more labor unions whose members are in the same or related occupations or trades.

(d) A policy may not be issued under this section to insure employees of:

1 (1) an employer whose eligibility to participate in
2 the fund as an employer arises out of considerations directly
3 related to the employer being a commercial correspondent or
4 business client or patron of another employer, without regard to
5 whether the other employer participates in the fund; or

6 (2) an employer that is not located in this state,
7 unless:

8 (A) the majority of the employers whose employees
9 are to be insured are located in this state; or

10 (B) the policy is issued to the trustees of a fund
11 established or adopted by one or more labor unions.

12 SECTION 3. This Act applies only to an insurance policy or
13 contract or evidence of coverage that is delivered, issued for
14 delivery, or renewed on or after January 1, 2010. An insurance
15 policy or contract or evidence of coverage delivered, issued for
16 delivery, or renewed before January 1, 2010, is governed by the law
17 as it existed immediately before the effective date of this Act, and
18 that law is continued in effect for that purpose.

19 SECTION 4. This Act takes effect September 1, 2009.