

By: Jackson, Mike

S.B. No. 1109

A BILL TO BE ENTITLED

AN ACT

relating to the limits of certain life insurance coverage written by stipulated premium insurance companies.

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

SECTION 1. Section 884.303(b), Insurance Code, is amended to read as follows:

(b) A stipulated premium company may not insure one life under this section for more than \$25,000 [~~\$15,000~~], except as provided by Section 884.304 or Subchapter I.

SECTION 2. Section 884.304, Insurance Code, is amended to read as follows:

Sec. 884.304. LIFE INSURANCE OF MORE THAN \$25,000 [~~\$15,000~~]. (a) Except as provided by this section, a stipulated premium company may not assume liability on a life insurance risk on one life in an amount that exceeds \$25,000 [~~\$15,000~~].

(b) If a stipulated premium company assumes a life insurance risk under a life insurance policy, the initial death benefit of \$25,000 [~~\$15,000~~] or less may increase to an amount greater than \$25,000 [~~\$15,000~~] subject to this section.

(c) For each policy year of a policy for which, after issuance, the death benefit exceeds \$25,000 [~~\$15,000~~], the amount of the increase of the death benefit at the end of that policy year from the end of the preceding policy year may not exceed the greater of:

1           (1) the amount computed using the maximum rate of  
2 increase provided by the policy, which rate may not exceed five  
3 percent a year, compounded annually; or

4           (2) the amount computed using the consumer price index  
5 for all urban consumers for all items and for all regions of the  
6 United States combined, as determined by the United States  
7 Department of Labor, Bureau of Labor Statistics, on September 30 of  
8 the year preceding the year in which the policy year ends,  
9 compounded annually.

10         SECTION 3. Section 4054.051, Insurance Code, is amended to  
11 read as follows:

12         Sec. 4054.051. LICENSE REQUIRED. Except as provided by  
13 Subchapter G, a person is required to hold a general life, accident,  
14 and health license if the person acts as:

15           (1) an agent who represents a health maintenance  
16 organization;

17           (2) an industrial life insurance agent for an insurer  
18 that writes only weekly premium life insurance on a debit basis  
19 under Chapter 1151;

20           (3) an agent who writes life, accident, and health  
21 insurance for a life insurance company;

22           (4) an agent who writes only accident and health  
23 insurance;

24           (5) an agent who writes fixed or variable annuity  
25 contracts or variable life contracts;

26           (6) an agent who writes for a stipulated premium  
27 company:

(A) only life insurance in excess of \$25,000  
[~~\$15,000~~] on any one life;

(B) only accident and health insurance; or

(C) both kinds of insurance described by  
Paragraphs (A) and (B);

(7) an agent who writes life, accident, and health  
insurance for any type of authorized life insurance company that is  
domiciled in this state, including a legal reserve life insurance  
company, and who represents the company:

(A) in a foreign country or territory; and

(B) on a United States military installation or  
with United States military personnel;

(8) an agent who writes life, accident, and health  
insurance for a fraternal benefit society except as provided by  
Section 885.352; or

(9) an agent who writes any other kind of insurance as  
required by the commissioner for the protection of the insurance  
consumers of this state.

SECTION 4. The heading to Subchapter E, Chapter 4054,  
Insurance Code, is amended to read as follows:

SUBCHAPTER E. LIFE INSURANCE NOT

EXCEEDING \$25,000 [~~\$15,000~~]

SECTION 5. Section 4054.201(a), Insurance Code, is amended  
to read as follows:

(a) The department shall issue a license to an individual  
applicant to act as an agent who writes only life insurance policies  
in an amount that does not exceed \$25,000 [~~\$15,000~~] on any one life

1 on receipt of certification from a stipulated premium company, a  
2 statewide mutual assessment company, a local mutual aid  
3 association, or a local mutual burial association, that the  
4 applicant has:

5 (1) completed a course of study and instruction in  
6 compliance with this subchapter; and

7 (2) passed without aid a written examination  
8 administered by the insurer.

9 SECTION 6. Section 4054.206, Insurance Code, is amended to  
10 read as follows:

11 Sec. 4054.206. LIMIT ON AGENT'S AUTHORITY. An insurance  
12 agent licensed under this subchapter may not write any coverage or  
13 combination of coverages with an initial guaranteed death benefit  
14 that exceeds \$25,000 [~~\$15,000~~] on any life.

15 SECTION 7. Sections 4054.301(a) and (d), Insurance Code,  
16 are amended to read as follows:

17 (a) Except as provided by Subsection (b), a person is  
18 required to hold a life agent license if the person does not hold a  
19 general life, accident, and health license under Subchapter B and  
20 the person acts as:

21 (1) an agent who writes insurance coverage on human  
22 lives, including endowment benefits and annuities, benefits in the  
23 event of death or dismemberment by accident, and benefits for  
24 disability income;

25 (2) an industrial life insurance agent for an insurer  
26 that writes only weekly premium life insurance on a debit basis  
27 under Chapter 1151;

1           (3) an agent who writes fixed or variable annuity  
2 contracts or variable life contracts;

3           (4) an agent who writes for a stipulated premium  
4 company only life insurance in excess of \$25,000 [~~\$15,000~~] on any  
5 one life; or

6           (5) an agent who writes any other kind of insurance as  
7 required by the commissioner for the protection of the insurance  
8 consumers of this state.

9           (d) A person who holds a license to write life insurance not  
10 exceeding \$25,000 [~~\$15,000~~] under Subchapter E and who engages in  
11 the business of insurance only within the scope of that license is  
12 not required to hold a life agent license. A person who holds a  
13 life agent license may write the insurance described by that  
14 subchapter.

15         SECTION 8. This Act applies only to an insurance policy  
16 delivered, issued for delivery, or renewed on or after January 1,  
17 2010. A policy delivered, issued for delivery, or renewed before  
18 January 1, 2010, is governed by the law as it existed immediately  
19 before the effective date of this Act, and that law is continued in  
20 effect for that purpose.

21         SECTION 9. This Act takes effect September 1, 2009.