

House Bill 1761
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Section 425.058(1), Insurance Code, is amended to read as follows:

(1)(1) Notwithstanding any other law, the minimum reserve requirements applicable to a credit life policy issued under Chapter 1153 before January 1, 2009, are met if, in the aggregate, the reserves are maintained at 100 percent of the 1980 Commissioner's Standard Ordinary Mortality Table, with interest that does not exceed 5.5 percent. [~~This subsection expires September 1, 2013.~~]

(2) For credit life policy reserves on contracts issued to be effective on or after January 1, 2009, the reserve requirements shall be based on minimum reserve standards established by the commissioner by rule. The commissioner shall adopt the rules based on either:

(A) the 2001 CSO Male Composite Ultimate Mortality Table for male and female insureds; or

(B) another CSO Mortality Table approved by the National Association of Insurance Commissioners on or after January 1, 2009, for use on credit life policy reserves.

(3) For a single premium credit accident and health contract issued on or after January 1, 2009, the reserve requirements shall be based on minimum reserve standards established by the commissioner by rule. The commissioner shall adopt the rules based on either:

(A) the 1985 Commissioners Individual Disability Table A (85CIDA); or

(B) another Commissioner's Disability Table approved

SENATE VERSION

Same as House version.

CONFERENCE

House Bill 1761
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

by the National Association of Insurance Commissioners on or after January 1, 2009, for use on credit accident and health policy reserves.

(4) For all credit insurance contracts, if the net premium refund liability exceeds the aggregate recorded contract reserve, the insurer shall establish an additional reserve liability that is equal to the excess of the net refund liability over the contract reserve recorded. The net refund liability may include consideration of commission, premium tax, and other expenses recoverable.

(5) In addition to the rules required to be adopted under this subsection, the commissioner may adopt other rules to implement this subsection.

SECTION 2. (a) The change in law made by this Act applies to all credit life and credit accident and health insurance policies issued on or after January 1, 2009.

(b) The commissioner of insurance shall adopt rules as required to implement Section 425.058(1), Insurance Code, as amended by this Act, not later than the 60th day after the effective date of this Act. Until rules are adopted as required by this subsection, insurers shall continue to use the minimum reserve standards under Section 425.058(1), Insurance Code, as that section existed immediately before amendment by this Act.

SENATE VERSION

SECTION 2. (a) The change in law made by this Act applies to all credit life and credit accident and health insurance policies issued on or after January 1, 2009.

(b) The commissioner of insurance shall adopt rules as required to implement Section 425.058(1), Insurance Code, as amended by this Act, not later than the 120th day after the effective date of this Act. Until rules are adopted as required by this subsection, insurers shall continue to use the minimum reserve standards under Section 425.058(1), Insurance Code, as that section existed immediately before amendment by this Act.

CONFERENCE

House Bill 1761
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

SENATE VERSION

Same as House version.

CONFERENCE