

Amend HB 1951 (house committee printing) by adding the following appropriately numbered ARTICLE to the bill and renumbering subsequent ARTICLES of the bill accordingly:

ARTICLE ____ . PAYMENT OF BENEFITS

SECTION ____ .001. Chapter 1102, Insurance Code, is amended to read as follows:

CHAPTER 1102. PAYMENT OF INSURANCE BENEFITS [~~IN CURRENCY~~]

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1102.001. DEFINITIONS. In this chapter:

(1) "Insurance policy" means a policy, certificate, or contract of:

(A) life, term, or endowment insurance, including an annuity or pure endowment contract;

(B) group life or term insurance, including a group annuity contract;

(C) industrial life insurance;

(D) accident or health insurance;

(E) group accident or health insurance;

(F) hospitalization insurance;

(G) group hospitalization insurance;

(H) medical or surgical insurance;

(I) group medical or surgical insurance; or

(J) fraternal benefit insurance.

(2) "Insurer" means any insurer, including a:

(A) life, accident, health, or casualty insurance company;

(B) mutual life insurance company;

(C) mutual insurance company other than a life insurance company;

(D) mutual or natural premium life insurance company;

(E) general casualty company;

(F) Lloyd's plan or a reciprocal or interinsurance exchange;

(G) fraternal benefit society; or

(H) group hospital service corporation.

(3) "Life insurance policy" means a policy,

certificate, or contract of:

(A) life, term, or endowment insurance, including an annuity or pure endowment contract;

(B) group life or term insurance, including a group annuity contract;

(C) industrial life insurance; or

(D) fraternal benefit insurance, other than insurance for:

(i) benefits for hospital, medical, or nursing expenses resulting from sickness, bodily infirmity, or accident; or

(ii) other accident or health insurance.

(4) "Retained asset account" means a mechanism by which an insurer or the insurer's agent deposits proceeds payable under a life insurance policy, including the payment of cash surrender value, into an account the deposits of which are retained by the insurer under a supplementary contract not involving annuity benefits.

Sec. 1102.002. RULES. The commissioner may adopt reasonable rules to accomplish the purposes of this chapter, including rules requiring:

(1) appropriate reserves for insurance policies subject to this chapter; or

(2) prudent investment of premiums collected from insurance policies subject to this chapter regardless of any other provision of this code related to the investment of money by an insurance company.

SUBCHAPTER B. PAYMENT OF BENEFITS IN CURRENCY

Sec. 1102.051 [~~1102.002~~]. BENEFITS PAYABLE IN CURRENCY. Each benefit payable under an insurance policy delivered, issued, or used in this state by an insurer shall be payable in currency.

Sec. 1102.052 [~~1102.003~~]. STATEMENT REGARDING VALUE OF FOREIGN CURRENCY. (a) An insurance policy described by Section 1102.051 [~~1102.002~~] providing that benefits are payable in foreign currency must include a conspicuous statement that the value of the currency denominated in the policy can fluctuate as compared to the value of United States currency.

(b) The statement must be:

(1) included as part of the policy; or

(2) attached to the insurance policy at the time it is issued.

Sec. 1102.053 [~~1102.004~~]. PREVIOUSLY APPROVED INSURANCE POLICY FORM PAYABLE IN FOREIGN CURRENCY. (a) The commissioner may disapprove or withdraw approval of a previously approved insurance policy form that provides benefits payable in foreign currency if the commissioner determines that the foreign currency has been less stable than United States currency in the previous 20-year period.

(b) This section does not require the resubmission for approval of any previously approved insurance policy form unless:

(1) withdrawal of approval is authorized under this section or Chapter 1701; or

(2) after notice and hearing, the commissioner determines that approval was obtained by improper means, including by misrepresentation, fraud, or a misleading statement or document[-

~~[Sec. 1102.005. RULES. The commissioner may adopt reasonable rules to accomplish the purposes of this chapter, including rules requiring:~~

~~[(1) appropriate reserves for insurance policies subject to this chapter; or~~

~~[(2) prudent investment of premiums collected from insurance policies subject to this chapter regardless of any other provision of this code related to the investment of money by an insurance company].~~

SUBCHAPTER C. RETAINED ASSET ACCOUNTS

Sec. 1102.101. RETAINED ASSET ACCOUNT ELECTION. (a) An insurer may not transfer proceeds payable under a life insurance policy to a retained asset account unless the insurer obtains the written acknowledgment of the disclosure of the option before the death benefit is transferred to a retained asset account from:

(1) the beneficiary or the beneficiary's legal representative; or

(2) in the case of a group contract, the contract holder or policy owner.

(b) A beneficiary shall be informed of the right to receive a lump-sum payment of life insurance proceeds by a bank check or other form of immediate full payment.

(c) An insurer that offers multiple modes of settlement to a beneficiary may not use a retained asset account as the default mode of settlement unless the offer conspicuously discloses that the retained asset account is the default mode.

Sec. 1102.102. DISCLOSURE REQUIREMENTS. (a) The claim form for payment of proceeds under a life insurance policy must include a statement, written in plain language and in boldfaced type, disclosing benefit payment options available under the policy, including payment through the use of a retained asset account or by check directly to the claimant.

(b) An insurer may not transfer proceeds payable under a life insurance policy to a retained asset account unless the insurer, before transferring the proceeds and in a written document signed by the claimant, discloses to the claimant, or advises the claimant concerning, the following information:

(1) a recommendation to consult a tax, investment, or other financial advisor about tax liability and investment options;

(2) the initial interest rate, when and how the interest rate may change, and any dividends and other gains that may be paid or distributed to the account holder;

(3) the name and address of the custodian of the retained asset account;

(4) any coverage of the retained asset account guaranteed by the Federal Deposit Insurance Corporation and the amount of the coverage;

(5) any limitations on withdrawal of funds from the retained asset account, including any minimum or maximum benefit payment amounts;

(6) the delay, if any, that the account holder may encounter in completing an authorized transaction and the anticipated duration of the delay;

(7) any fees for services provided, including a list of the fees and the method of the fee calculation;

(8) the nature and frequency with which statements

concerning the retained asset account are issued, which must be not less than once annually;

(9) that some or all of the benefit may be paid by a bank check or other form of immediate payment;

(10) that the entire proceeds are available to the retained asset account holder by a bank check or other form of immediate full payment as described by Section 1102.101(b);

(11) whether the insurer or a related party may earn income from the retained asset account, in addition to any fees charged on the account, from the total gains received on the investment of the balance of funds in the account;

(12) the telephone number, address, and other contact information, including website address, to obtain additional information regarding the retained asset account;

(13) a description of the insurer's policy regarding retained asset accounts that may become inactive; and

(14) any other information prescribed by the commissioner by rule.

SECTION ____ .002. Chapter 1102, Insurance Code, as amended by this article, applies only to a claim made under a life insurance policy on or after September 1, 2011. A claim made before September 1, 2011, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.