

AN ACT

relating to the nonforfeiture requirements of certain life insurance policies.

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

SECTION 1. Subchapter A, Chapter 1105, Insurance Code, is amended by adding Section 1105.0015 to read as follows:

Sec. 1105.0015. DEFINITION. In this chapter, "operative date of the valuation manual" means the date, if any, on which the valuation manual described by Subchapter B, Chapter 425 (Standard Valuation Law), becomes operative as provided by that subchapter.

SECTION 2. Section 1105.055, Insurance Code, is amended by amending Subsections (h) and (i) and adding Subsections (j), (k), (l), and (m) to read as follows:

(h) For a policy issued before the operative date of the valuation manual, any ~~[Any]~~ ordinary mortality table adopted after 1980 by the National Association of Insurance Commissioners that is approved by rules adopted by the commissioner for use in determining the minimum nonforfeiture standard may be substituted for:

(1) the Commissioners 1980 Standard Ordinary Mortality Table with or without Ten-Year Select Mortality Factors;

or

(2) the Commissioners 1980 Extended Term Insurance Table.

1 (i) For a policy issued before the operative date of the
2 valuation manual, any [Any] industrial mortality table adopted
3 after 1980 by the National Association of Insurance Commissioners
4 that is approved by rules adopted by the commissioner for use in
5 determining the minimum nonforfeiture standard may be substituted
6 for:

7 (1) the Commissioners 1961 Standard Industrial
8 Mortality Table; or

9 (2) the Commissioners 1961 Industrial Extended Term
10 Insurance Table.

11 (j) Except as provided by Subsection (k), for a policy
12 described by Subsection (h) issued on or after the operative date of
13 the valuation manual, the valuation manual must provide the
14 commissioners' standard ordinary mortality table for use in
15 determining the minimum nonforfeiture standard that may be
16 substituted for:

17 (1) the Commissioners 1980 Standard Ordinary
18 Mortality Table with or without Ten-Year Select Mortality Factors;
19 or

20 (2) the Commissioners 1980 Extended Term Insurance
21 Table.

22 (k) If the commissioner by rule adopts a commissioners'
23 standard ordinary mortality table adopted by the National
24 Association of Insurance Commissioners for use in determining the
25 minimum nonforfeiture standard for policies issued on or after the
26 operative date of the valuation manual, the minimum nonforfeiture
27 standard determined in accordance with that table supersedes the

1 standard provided by the valuation manual.

2 (1) Except as provided by Subsection (m), for a policy
3 described by Subsection (i) issued on or after the operative date of
4 the valuation manual, the valuation manual must include the
5 commissioners' standard industrial mortality table for use in
6 determining the minimum nonforfeiture standard that may be
7 substituted for:

8 (1) the 1961 Standard Industrial Mortality Table; or

9 (2) the Commissioners 1961 Industrial Extended Term
10 Insurance Table.

11 (m) If the commissioner by rule adopts a commissioners'
12 standard industrial mortality table adopted by the National
13 Association of Insurance Commissioners for use in determining the
14 minimum nonforfeiture standard for policies issued on or after the
15 operative date of the valuation manual, the minimum nonforfeiture
16 standard determined in accordance with that table supersedes the
17 standard provided by the valuation manual.

18 SECTION 3. Section 1105.056, Insurance Code, is amended to
19 read as follows:

20 Sec. 1105.056. NONFORFEITURE INTEREST RATE. (a) For a
21 policy issued before the operative date of the valuation manual,
22 the [The] annual nonforfeiture interest rate for a policy issued in
23 a particular calendar year is equal to 125 percent of the calendar
24 year statutory valuation interest rate for that policy as defined
25 by Subchapter B, Chapter 425, rounded to the nearest one-fourth of
26 one percent, except that the commissioner by rule may adopt a
27 different nonforfeiture interest rate.

1 (b) For a policy issued on or after the operative date of the
2 valuation manual, the annual nonforfeiture interest rate for any
3 policy issued in a particular calendar year is provided by the
4 valuation manual.

5 SECTION 4. The commissioner of insurance may not implement
6 this Act before the operative date of the valuation manual
7 described by Section 1105.0015, Insurance Code, as added by this
8 Act.

9 SECTION 5. This Act takes effect only if an Act of the 83rd
10 Legislature, Regular Session, 2013, that amends Chapter 425,
11 Insurance Code, to authorize the commissioner of insurance to adopt
12 a standard valuation manual and provide an operative date for that
13 manual is enacted and becomes law. If an Act of the 83rd
14 Legislature, Regular Session, 2013, amending Chapter 425,
15 Insurance Code, to authorize the commissioner of insurance to adopt
16 a standard valuation manual and provide an operative date for that
17 manual does not become law, this Act has no effect.

18 SECTION 6. This Act takes effect January 1, 2014.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1386 passed the Senate on April 23, 2013, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 22, 2013, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1386 passed the House, with amendment, on May 17, 2013, by the following vote: Yeas 134, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor