

1-1 By: Longoria (Senate Sponsor - Eltife) H.B. No. 3938
 1-2 (In the Senate - Received from the House May 13, 2015;
 1-3 May 14, 2015, read first time and referred to Committee on Business
 1-4 and Commerce; May 22, 2015, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 7, Nays 1;
 1-6 May 22, 2015, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13		X		
1-14	X			
1-15	X			
1-16	X			
1-17			X	

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 3938 By: Eltife

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to single premium term life insurance offered in
 1-22 connection with certain consumer loans.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subchapter I, Chapter 342, Finance Code, is
 1-25 amended by adding Section 342.4022 to read as follows:

1-26 Sec. 342.4022. SINGLE PREMIUM TERM LIFE INSURANCE. (a) On
 1-27 a loan made under this chapter that is subject to Subchapter E, a
 1-28 lender:

1-29 (1) may, through a properly licensed insurance agent,
 1-30 offer a borrower single premium term life insurance;

1-31 (2) may not require the borrower to accept the
 1-32 insurance described by Subdivision (1);

1-33 (3) shall provide the borrower with the option to pay
 1-34 the insurance premium from the borrower's own funds or to pay the
 1-35 premium with a portion of the loan proceeds; and

1-36 (4) before completing the transaction, shall provide
 1-37 to and review with the borrower a disclosure that specifies:

1-38 (A) the total dollar amount of the term life
 1-39 insurance premium, and a comparison between:

1-40 (i) the amount of the payment due on the
 1-41 loan with the additional purchase of the term life insurance
 1-42 policy; and

1-43 (ii) the amount of the payment due on the
 1-44 loan without the additional purchase of the term life insurance
 1-45 policy; and

1-46 (B) if there is any shared interest or ownership,
 1-47 including any common third-party ownership, between the insurance
 1-48 company and the lender, then the lender must disclose the fact of
 1-49 the shared interest or ownership.

1-50 (b) The finance commission by rule shall prescribe the form
 1-51 and the content of the disclosures required by Subsection (a)(4).

1-52 SECTION 2. Section 342.407, Finance Code, is amended to
 1-53 read as follows:

1-54 Sec. 342.407. REQUIREMENTS FOR INCLUDING INSURANCE CHARGE
 1-55 IN CONTRACT. Insurance for which a charge is included in a loan
 1-56 contract must be written:

1-57 (1) at lawful rates;

1-58 (2) in accordance with the Insurance Code; ~~and~~

1-59 (3) by a company authorized to do business in this
 1-60 state; and

2-1 (4) through an insurance agent licensed in accordance
2-2 with the Insurance Code, if the included charge is offered under
2-3 Section 342.4022 of this code.

2-4 SECTION 3. Section 342.412, Finance Code, is amended to
2-5 read as follows:

2-6 Sec. 342.412. ACTION UNDER SUBCHAPTER NOT SALE OF
2-7 INSURANCE. Except for the sale of a single premium term life
2-8 insurance policy to a borrower under Section 342.4022, arranging
2-9 [Arranging] for insurance or collecting an identifiable charge as
2-10 authorized by this subchapter is not a sale of insurance.

2-11 SECTION 4. Section 342.4022, Finance Code, as added by this
2-12 Act, applies only to an insurance policy that is delivered, issued
2-13 for delivery, or renewed on or after January 1, 2016. A policy
2-14 delivered, issued for delivery, or renewed before January 1, 2016,
2-15 is governed by the law as it existed immediately before the
2-16 effective date of this Act, and the former law is continued in
2-17 effect for that purpose.

2-18 SECTION 5. This Act takes effect January 1, 2016.

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