

BILL ANALYSIS

C.S.H.B. 3008
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised that too few life insurance policy owners are aware of alternative options to lapsing or surrendering the insured's policy, which may result in policy owners lapsing or surrendering a significant amount of money in life insurance that could have been used to defray other expenses. Interested parties note that insurance agents in some states are prohibited by insurance companies from disclosing or discussing the sale of a life insurance policy. C.S.H.B. 3008 seeks to promote awareness of life settlement options and protect life insurance policy owners by prohibiting certain actions against a life insurance agent.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3008 amends the Insurance Code to prohibit a life insurance company that issues or provides coverage under an individual life insurance policy from terminating, fining, or otherwise penalizing an insurance agent who is the agent of record for the policy or who has a business relationship with the policy owner for informing the policy owner or the policy owner's designee about options available under the policy terms with respect to the lapse or surrender of the policy or for assisting the policy owner with securing benefits under the terms of the policy. The bill's provisions apply with respect to a life insurance policy owned by an individual who is a resident of Texas regardless of the place the policy is issued, delivered, or renewed.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3008 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 541, Insurance Code, is amended by adding Section 541.062 to read as follows:

Sec. 541.062. INTERFERENCE WITH LIFE INSURANCE AGENT PROHIBITED.

(a) This section applies with respect to individual life insurance policies only.

(b) It is against the law and public policy of the State of Texas for any person or entity in the business of insurance to directly or indirectly interfere with the ability of a life insurance agent to:

- (1) inform a policy owner about:
 - (A) the benefit options available under a life insurance policy;
 - (B) the alternatives to the lapse or surrender of a life insurance policy; or
 - (C) a policy owner's rights related to the disposition of a life insurance policy;
 - (2) assist a policy owner with securing discounted policy proceeds under or related to a life insurance policy; or
 - (3) unless otherwise prohibited by law, act as a life settlement broker under Chapter 19.1111A for the policy owner.
- (c) The remedies under this section do not include:
- (1) a private cause of action under Subchapter D, or
 - (2) a class action under subchapter F.

SECTION 2. This Act takes effect September 1, 2017.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 1101, Insurance Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. AGENT COMMUNICATIONS

Sec. 1101.201. APPLICABILITY OF SUBCHAPTER. This subchapter applies with respect to a life insurance policy owned by an individual who is a resident of this state regardless of the place the policy is issued, delivered, or renewed.

Sec. 1101.202. PROTECTED COMMUNICATIONS.

A life insurance company that issues or provides coverage under an individual life insurance policy may not terminate, fine, or otherwise penalize an insurance agent who is the agent of record for the policy or who has a business relationship with the policy owner for:

- (1) informing the policy owner or the policy owner's designee about options available under the policy terms with respect to the lapse or surrender of the policy; or
- (2) assisting the policy owner with securing benefits under the terms of the policy.

SECTION 2. Same as introduced version.