

BILL ANALYSIS

Senate Research Center
85R16210 MEW-F

H.B. 3370
By: Craddick (Hancock)
Business & Commerce
5/16/2017
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties contend that premiums, costs, charges, administrative expenses, and fees associated with a life insurance policy should not increase without disclosure of such potential increases at the time the policy is issued. H.B. 3370 seeks to limit premium increases for life insurance policies.

H.B. 3370 amends current law relating to certain limitations on the increase of a premium, cost, charge, administrative expense, or fee associated with a life insurance policy.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Subchapter B, Chapter 1101, Insurance Code, to read as follows:

SUBCHAPTER B. PROHIBITIONS RELATED TO POLICIES AND POLICY PROVISIONS

SECTION 2. Amends Subchapter B, Chapter 1101, Insurance Code, by adding Section 1101.057, as follows:

Sec. 1101.057. LIMITATIONS ON INCREASES OF PREMIUMS, COSTS, CHARGES, EXPENSES, OR FEES. (a) Defines "insurer."

(b) Prohibits an insurer, except as provided by Subsection (c), from increasing a premium, cost, charge, administrative expense, or fee associated with a life insurance policy by an amount that exceeds 10 percent of the premium, cost, charge, expense, or fee during any year.

(c) Provides that Subsection (b) does not apply to an increase in a premium, cost, charge, administrative expense, or fee associated with a life insurance policy, including an increase in premium based on a policyholder's attained age, if the schedule and amount of the increase are disclosed to the policyholder at the time the policy is issued.

SECTION 3. Makes application of this Act prospective to January 1, 2018.

SECTION 4. Effective date: September 1, 2017.