

BILL ANALYSIS

C.S.H.B. 3370
By: Craddick
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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. C.S.H.B. 3370 seeks to limit premium increases for life insurance policies.

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. 3370 amends the Insurance Code to prohibit an insurer 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. The bill's provisions expressly do 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. The bill applies only to a premium, cost, charge, administrative expense, or fee associated with a life insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2018.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3370 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	HOUSE COMMITTEE SUBSTITUTE
No equivalent provision.	SECTION 1. The heading to Subchapter B, Chapter 1101, Insurance Code, is amended

to read as follows:
SUBCHAPTER B. PROHIBITIONS
RELATED TO POLICIES AND
[PROHIBITED] POLICY PROVISIONS

SECTION 1. Subchapter D, Chapter 1101, Life Insurance, is amended.

No equivalent provision.

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

SECTION 2. Substantially the same as introduced version.

SECTION 3. Section 1101.057, Insurance Code, as added by this Act, applies only to a premium, cost, charge, administrative expense, or fee associated with a life insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2018. A premium, cost, charge, administrative expense, or fee associated with a life insurance policy delivered, issued for delivery, or renewed before January 1, 2018, 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.

SECTION 4. Same as introduced version.