87R13508 JES-D

By:  Thompson of Harris, Bailes H.B. No. 1932

Substitute the following for H.B. No. 1932:

By:  Oliverson C.S.H.B. No. 1932

A BILL TO BE ENTITLED

AN ACT

relating to notice of available alternatives to the lapse or surrender of a life insurance policy.

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

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

SUBCHAPTER G. NOTICE REGARDING ALTERNATIVES TO LAPSE OR SURRENDER

Sec. 1101.301.  NOTICE OF ALTERNATIVES TO LAPSE OR SURRENDER OF POLICY. (a) An insurer shall provide to a policy owner who is at least 60 years of age and who has held the policy for at least two years a written notice of the existence of potential available alternatives to the lapse or surrender of the owner's life insurance policy:

(1)  before the termination or the complete or partial surrender of the policy; and

(2)  on the request by the policy owner of:

(A)  a loan against or withdrawal of the cash value of the policy; or

(B)  any change to the terms of the policy, including a change regarding an accelerated death benefit, a nursing home benefit, a catastrophic illness benefit, or another living benefit.

(b)  The notice provided under Subsection (a) must state that the policy owner may consult with the insurer's agent, the department, or a financial advisor regarding the potential available alternatives to the lapse or surrender of the owner's life insurance policy.

SECTION 2.  This Act takes effect September 1, 2021.