

By: Nichols

S.B. No. 773

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 on the request by the policy owner of:

(1) prior to the termination or complete or partial
surrender of the policy;

(2) on the request by the policy owner of a loan
against or withdrawal of the cash value of the policy; or

(3) on the request by the policy owner of 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 must state that the policy holder may consult
with the insurer's agent, the department, or financial advisor.

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