

By: Parker

S.B. No. 1823

A BILL TO BE ENTITLED

AN ACT

relating to the replacement transactions of certain life insurance and annuity contracts from an insurer to a replacing insurer.

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

SECTION 1. Section [1114.054](#), Insurance Code, is amended by adding Subsections (e) through (g) to read as follows:

(a) If a transaction involves a replacement, the existing insurer shall comply with this section.

(b) The existing insurer shall retain and be able to produce all replacement notifications received, indexed by the replacing insurer, until the later of:

(1) the fifth anniversary of the date of receipt of the notification; or

(2) the date of conclusion of the next regular examination conducted by the insurance regulatory authority of the existing insurer's state of domicile.

(c) The existing insurer shall send a letter to the policy or contract owner regarding the owner's right to receive information regarding the existing policy or contract values. The letter must include, if available, an in force illustration or, if an in force illustration cannot be produced not later than the fifth business day after the date of receipt of a notice that an existing policy or contract is being replaced, a policy summary. The information must be provided not later than the fifth business day

1 after the date of receipt of the request from the policy or contract  
2 owner.

3 (d) On receipt of a request to borrow, surrender, or  
4 withdraw any policy values, the existing insurer shall send a  
5 notice advising the policy owner that the release of policy values  
6 may affect the guaranteed elements, nonguaranteed elements, face  
7 amount, or surrender value of the policy from which the values are  
8 released. The notice must be sent separately from the payment if  
9 the payment is sent to any person other than the policy owner. In  
10 the case of consecutive automatic premium loans, the insurer is  
11 only required to send the notice at the time of the first loan.

12 (e) Notwithstanding Section 1114.004(a)(9), on receipt of a  
13 notice from a policy or contract owner or the replacing insurer of a  
14 replacement policy or contract, the existing insurer shall:

15 (1) provide acknowledgement of receipt of the notice  
16 within 5 business days, and

17 (2) send the payment to either the contract or policy  
18 owner or the replacing insurer as specified in the notice within 30  
19 days of receipt of the notice.

20 (f) Notwithstanding Section 1114.004(a)(9), on receipt of a  
21 notice from a policy or contract owner of intent to surrender the  
22 policy or contract, the existing insurer shall:

23 (1) provide acknowledgement of receipt of the notice  
24 within 5 business days, and

25 (2) send the surrender payment to the contract or  
26 policy owner within 30 days of receipt of the notice.

27 (g) If a transfer or surrender payment is not completed

1 within 30 days following notice from the contract or policy holder,  
2 the existing insurer shall pay interest on the unpaid amount at an  
3 annual rate of 18 percent, accruing from the 31st day until the  
4 payment is made in full.

5       SECTION 2. Sections [1114.054\(e\)](#) through 114.054(g),  
6 Insurance Code, as added by this Act, apply only to an annuity  
7 contract or insurance policy transferred or surrendered on or after  
8 January 1, 2026.

9       SECTION 3. This Act takes effect September 1, 2025.