

BILL ANALYSIS

C.S.H.B. 1932
By: Thompson, Senfronia
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Life insurance policies worth billions of dollars in benefits lapse or are surrendered each year. In spite of that fact, it has been reported that many are elderly policy owners who are unaware of the options and alternatives to the lapse or surrender of their policy that may have otherwise benefited them financially. C.S.H.B. 1932 seeks to protect and inform senior consumers and provide transparency and certainty in their life insurance options by requiring an insurer to provide written notice of alternatives to the lapse or surrender of a life insurance policy to certain policy owners who are at least 60 years of age.

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. 1932 amends the Insurance Code to require an insurer to provide to a policy owner who is at least 60 years of age and who has held the life insurance policy for at least two years a written notice of the existence of potential available alternatives to the lapse or surrender of the policy at the following times:

- before the termination or complete or partial surrender of the policy; or
- on the policy owner's request of a loan against or withdrawal of the policy's cash value or of any change to the policy's terms, including a change regarding an accelerated death benefit, a nursing home benefit, a catastrophic illness benefit, or another living benefit.

The notice must state that the policy owner may consult with the insurer's agent, the Texas Department of Insurance (TDI), or a financial advisor regarding the potential available alternatives to the lapse or surrender of the policy.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1932 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include a specification that the notice is to be provided on the policy owner's request, which was included in the original. The substitute includes a specification not included in the original that the policy owner's right to consult with the insurer's agent, a financial advisor, or TDI that is required to be stated in the notice is with respect to the potential available alternatives to the lapse or surrender of their policy.