

BILL ANALYSIS

Senate Research Center

H.B. 163
By: Maxey (Gallegos)
State Affairs
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Engrossed

DIGEST

Currently, a person in the private life insurance market may transfer the right to receipt of the death benefit from the person's life insurance policy to a third party, if permitted by the policy's terms. State law also regulates the payment of accelerated benefits in group term life insurance policies in Article 3.50-6, Texas Insurance Code. The Employees Retirement System (ERS) internal policy decisions prohibit state employees from naming irrevocable beneficiaries for their life insurance policies. H.B. 163 would propose the adoption of the rules to allow for irrevocable beneficiaries, thereby permitting terminally-ill state employees to viaticate their life insurance policies in ERS.

PURPOSE

As proposed, H.B. 163 outlines provisions regarding accelerated payment or assignment of life insurance benefits under the Texas Employees Uniform Group Insurance Benefits Act.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the board of trustees provided for in Chapter 815, Government Code, under SECTION 1 (Section 11A, Article 3.50-2, V.T.C.S.) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 3.50-2, V.T.C.S. (Texas Employees Uniform Group Insurance Benefits Act), by adding Section 11A, as follows:

Sec. 11A. PAYMENT OF ACCELERATED BENEFITS; IRREVOCABLE DESIGNATION OF BENEFICIARY. Sets forth requirements and outlines provisions regarding payment of accelerated benefits and the irrevocable designation of a beneficiary for employees in a group life insurance program. Defines "viatical settlement."

SECTION 2. Effective date: September 1, 1997.

(b) Makes application of this Act prospective.

(c) Provides that an employee or retired employee is not entitled to elect to receive an accelerated benefit or to designate a beneficiary in accordance with Section 11A, Article 3.50-2, V.T.C.S. (Texas Employees Uniform Group Insurance Benefits Act), as added by this Act, before January 1, 1998.

SECTION 3. Emergency clause.