

## **BILL ANALYSIS**

Senate Research Center

H.B. 1865  
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### **DIGEST**

Currently, the Insurance Code authorizes an insurer to pay an accelerated benefit under a group term life insurance policy under certain conditions. During the interim, the House Human Services Committee recommended that an insured under a life insurance policy obtain proceeds from the policy before death. Federal health reform legislation passed by the 104th Congress established a preferred tax status for accelerated benefit under certain circumstances. This bill would authorize an insurer to pay an accelerated benefit under an individual or group term life insurance policy if the company has evidence that the insured has a terminal illness, long-term care illness, or a specified disease.

### **PURPOSE**

As proposed, H.B. 1865 authorizes an insurer to pay an accelerated benefit under an individual or group term life insurance policy if the company has evidence that the insured has a terminal illness, long-term care illness or a specified disease.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Article 3.50-6(c), Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article 3.50-6, Insurance Code, as follows:

Art. 3.50-6. New heading: PAYMENT OF ACCELERATED LIFE INSURANCE BENEFITS. Defines "long-term care illness," "specified disease," and "terminal illness." Authorizes an insurance company to pay an accelerated benefit under an individual or group term life insurance policy or certificate if, among other conditions, the company has received a written medical opinion, satisfactory to the company, that the insured has a terminal illness, a long-term care illness, or a specified disease, rather than an opinion that the insured is not expected to continue living for more than 12 months because of the terminal illness. Deletes existing Subdivision (b)(2). Authorizes the commissioner of insurance to adopt rules to implement this article. Makes conforming changes.

SECTION 2. Effective date: September 1, 1997.  
Makes application of this Act prospective.

SECTION 3. Emergency clause.