

BILL ANALYSIS

Senate Research Center

C.S.S.B. 311
By: Harris
Jurisprudence
2-18-97
Committee Report (Substituted)

DIGEST

Currently, Texas law provides that following a divorce, a provision in a life insurance policy in favor of the insured's former spouse is not effective except in certain circumstances. This has created problems when a person meant to leave the former spouse as beneficiary but was never told by a judge, attorney, or insurance company that a redesignation of the former spouse as beneficiary was needed. In this instance, the former spouse might learn that he or she was not the lawful beneficiary only when the death benefit was claimed, which is too late for a remedy to be effected. This bill will give effect to a provision in a group insurance policy providing life insurance in favor of the insured's former spouse one year and a day after the first anniversary of the date on which the divorce decree is rendered.

PURPOSE

As proposed, C.S.S.B. 311 gives effect to a provision in a group insurance policy providing life insurance in favor of the insured's former spouse one year and a day after the first anniversary of the date on which a divorce decree is rendered.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 3.632(b), Family Code, to provide that if a decree of divorce or annulment is rendered after an insured has designated the insured's spouse as a beneficiary under a group insurance policy providing life insurance in force at the time of rendition, a provision in the policy in favor of the insured's former spouse is not effective until the day after the first anniversary of the date on which the decree is rendered unless certain conditions apply.

SECTION 2. (a) Effective date: upon passage.

(b) and (c) Make application of this Act prospective.

(d) Provides that Section 3.632(b), Family Code, as it existed before amendment by this Act, does not invalidate the designation of a former spouse as the beneficiary of a life insurance policy if certain criteria apply.

SECTION 3. Emergency clause.

Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, Section 3.632(b), Family Code, to give effect to a provision in a group insurance policy providing life insurance, rather than a life insurance policy for which the premiums are paid by an employer, in favor of the insured's former spouse one year and a day after the first anniversary of the date on which a divorce decree is rendered..